

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

FORM 10-K

R ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED May 30, 2021

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

Commission file number: 001-01185

**GENERAL MILLS, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

41-0274440  
(I.R.S. Employer  
Identification No.)

Number One General Mills Boulevard  
Minneapolis, Minnesota  
(Address of principal executive offices)

55426  
(Zip Code)

(763)764-7600

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.10 par value	GIS	New York Stock Exchange
1.000% Notes due 2023	GIS23A	New York Stock Exchange
0.450% Notes due 2026	GIS26	New York Stock Exchange
1.500% Notes due 2027	GIS27	New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes R No £

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes R No £

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

Large accelerated filer R

Accelerated filer £

Non-accelerated filer £

Smaller reporting company £

Emerging growth company £

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

Aggregate market value of Common Stock held by non-affiliates of the registrant, based on the closing price of \$60.13 per share as reported on the New York Stock Exchange on November 29, 2020 (the last business day of the registrant's most recently completed second fiscal quarter): \$36,765.2 million.

Number of shares of Common Stock outstanding as of June 15, 2021: 607,210,408 (excluding 147,402,920 shares held in the treasury).

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Proxy Statement for its 2021 Annual Meeting of Shareholders are incorporated by reference into Part III.

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## **PART I**

### **ITEM 1 - Business**

#### **COMPANY OVERVIEW**

We are a leading global manufacturer and marketer of branded consumer foods sold through retail stores. We also are a leading supplier of branded and unbranded food products to the North American foodservice and commercial baking industries. We are also a leading manufacturer and marketer in the wholesome natural pet food category. We manufacture our products in 13 countries and market them in more than 100 countries. In addition to our consolidated operations, we have 50 percent interests in two strategic joint ventures that manufacture and market food products sold in more than 120 countries worldwide.

We manage and review the financial results of our business under five operating segments: North America Retail; Convenience Stores & Foodservice; Europe & Australia; Asia & Latin America; and Pet. See Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) in Item 7 of this report for a description of our segments.

We offer a variety of food products that provide great taste, nutrition, convenience, and value for consumers around the world. Our business is focused on the following large, global categories:

- snacks, including grain, fruit and savory snacks, nutrition bars, and frozen hot snacks;
- ready-to-eat cereal;
- convenient meals, including meal kits, ethnic meals, pizza, soup, side dish mixes, frozen breakfast, and frozen entrees;
- yogurt;
- wholesome natural pet food;
- super-premium ice cream;
- baking mixes and ingredients; and
- refrigerated and frozen dough.

Our Cereal Partners Worldwide (CPW) joint venture with Nestlé S.A. (Nestlé) competes in the ready-to-eat cereal category in markets outside North America, and our Häagen-Dazs Japan, Inc. (HDJ) joint venture competes in the super-premium ice cream category in Japan. For net sales contributed by each class of similar products, please see Note 17 to the Consolidated Financial Statements in Item 8 of this report.

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

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

#### ***Customers***

Our primary customers are grocery stores, mass merchandisers, membership stores, natural food chains, drug, dollar and discount chains, e-commerce retailers, commercial and noncommercial foodservice distributors and operators, restaurants, convenience stores, and pet specialty stores. We generally sell to these customers through our direct sales force. We use broker and distribution arrangements for certain products and to serve certain types of customers and certain markets. For further information on our customer credit and product return practices, please refer to Note 2 to the Consolidated Financial Statements in Item 8 of this report. During fiscal 2021, Walmart Inc. and its affiliates (Walmart) accounted for 20 percent of our consolidated net sales and 29 percent of net sales of our North America Retail segment. No other customer accounted for 10 percent or more of our consolidated net sales. For further information on significant customers, please refer to Note 8 to the Consolidated Financial Statements in Item 8 of this report.

#### ***Competition***

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

### ***Raw materials, ingredients, and packaging***

The principal raw materials that we use are grains (wheat, oats, and corn), dairy products, sugar, fruits, vegetable oils, meats, nuts, vegetables, and other agricultural products. We also use substantial quantities of carton board, corrugated, plastic and metal packaging materials, operating supplies, and energy. Most of these inputs for our domestic and Canadian operations are purchased from suppliers in the United States. In our other international operations, inputs that are not locally available in adequate supply may be imported from other countries. The cost of these inputs may fluctuate widely due to external conditions such as weather, climate change, product scarcity, limited sources of supply, commodity market fluctuations, currency fluctuations, trade tariffs, pandemics (including the COVID-19 pandemic), and changes in governmental agricultural and energy policies and regulations. We have some long-term fixed price contracts, but the majority of our inputs are purchased on the open market. We believe that we will be able to obtain an adequate supply of needed inputs. Occasionally and where possible, we make advance purchases of items significant to our business in order to ensure continuity of operations. Our objective is to procure materials meeting both our quality standards and our production needs at price levels that allow a targeted profit margin. Since these inputs generally represent the largest variable cost in manufacturing our products, to the extent possible, we often manage the risk associated with adverse price movements for some inputs using a variety of risk management strategies. We also have a grain merchandising operation that provides us efficient access to, and more informed knowledge of, various commodity markets, principally wheat and oats. This operation holds physical inventories that are carried at net realizable value and uses derivatives to manage its net inventory position and minimize its market exposures.

### **TRADEMARKS AND PATENTS**

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

Some of our products are marketed under or in combination with trademarks that have been licensed from others for both long-standing products (e.g., *Reese's Puffs* for cereal, *Green Giant* for vegetables in certain countries, and *Cinnabon* for refrigerated dough, frozen pastries, and baking products) and shorter term promotional products (e.g., fruit snacks sold under various third party equities).

Our cereal trademarks are licensed to CPW and may be used in association with the *Nestlé* trademark. Nestlé licenses certain of its trademarks to CPW, including the *Nestlé* and *Uncle Toby's* trademarks. The *Häagen-Dazs* trademark is licensed royalty-free and exclusively to Nestlé and authorized sublicensees for ice cream and other frozen dessert products in the United States and Canada. The *Häagen-Dazs* trademark is also licensed to HDJ in Japan. The *Pillsbury* brand and the *Pillsbury Doughboy* character are subject to an exclusive, royalty-free license that was granted to a third party and its successors in the dessert mix and baking mix categories in the United States and under limited circumstances in Canada and Mexico.

The *Yoplait* trademark and other related trademarks are owned by Yoplait Marques SNC, an entity in which we own a 50 percent interest. The *Liberté* trademark and other related trademarks are owned by Liberté Marques Sàrl, an entity in which we own a 50 percent interest. These marks are licensed exclusively to Yoplait SAS, an entity in which we own a 51 percent interest. Yoplait SAS licenses these trademarks to its franchisees, including General Mills in the United States.

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

### **SEASONALITY**

In general, demand for our products is evenly balanced throughout the year. However, within our North America Retail segment demand for refrigerated dough, frozen baked goods, and baking products is stronger in the fourth calendar quarter. Demand for *Progresso* soup is higher during the fall and winter months. Internationally, within our Europe & Australia and Asia & Latin America segments, demand for *Häagen-Dazs* ice cream is higher during the summer months and demand for baking mix and dough products increases during winter months. Due to the offsetting impact of these demand trends, as well as the different seasons in the northern and southern hemispheres, our international segments' net sales are generally evenly balanced throughout the year.

## **QUALITY AND SAFETY REGULATION**

The manufacture and sale of consumer and pet food products is highly regulated. In the United States, our activities are subject to regulation by various federal government agencies, including the Food and Drug Administration, Department of Agriculture, Federal Trade Commission, Department of Commerce, Occupational Safety and Health Administration, and Environmental Protection Agency, as well as various federal, state, and local agencies relating to the production, packaging, labelling, marketing, storage, distribution, quality, and safety of food and pet products and the health and safety of our employees. Our business is also regulated by similar agencies outside of the United States.

## **ENVIRONMENTAL MATTERS**

As of May 30, 2021, we were involved with two response actions associated with the alleged or threatened release of hazardous substances or wastes located in Minneapolis, Minnesota and Moonachie, New Jersey.

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

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

## **HUMAN CAPITAL MANAGEMENT**

Recruiting, developing, engaging, and protecting our workforce is critical to executing our strategy and achieving business success. As of May 30, 2021, we had approximately 35,000 employees around the globe, with approximately 15,000 in the U.S. and approximately 20,000 located in our markets outside of the U.S. Our workforce is divided between approximately 13,000 employees dedicated to the production of our various products and approximately 22,000 non-production employees.

The efficient production of high-quality products and successful execution of our strategy requires a talented, skilled, and engaged team of employees. We work to equip our employees with critical skills and expand their contributions over time by providing a range of training and career development opportunities, including hands-on experiences via challenging work assignments and job rotations, coaching and mentoring opportunities, and training programs. To foster employee engagement and commitment, we follow a robust process to listen to employees, take action, and measure our progress with on-going employee conversations, transparent communications, and employee engagement surveys.

We believe that fostering a culture of inclusion and belonging strengthens our ability to recruit talent and allows all of our employees to thrive and succeed. We actively cultivate a culture that acknowledges, respects, and values all dimensions of diversity – including gender, race, sexual orientation, ability, backgrounds, and beliefs. Ensuring diversity of input and perspectives is core to our business strategy, and we are committed to recruiting, retaining, developing, and advancing a workforce that reflects the diversity of the consumers we serve. This commitment starts with our company leadership where women represent approximately 41 percent of our officer and director population, and approximately 19 percent of our officers and directors are racially or ethnically diverse. We embed our culture of inclusion and belonging into our day-to-day ways of working through a number of programs to foster discussion, build empathy, and increase understanding.

We are committed to maintaining a safe and secure workplace for our employees. We set specific safety standards to identify and manage critical risks. We use global safety management systems and employee training to ensure consistent implementation of safety protocols and accurate measurement and tracking of incidents. To provide a safe and secure working environment for our employees, we prohibit workplace discrimination, and we do not tolerate abusive conduct or harassment. Our attention to the health and safety of our workforce extends to the workers and communities in our supply chain. We believe that respect for human rights is fundamental to our strategy and to our commitment to ethical business conduct.

During the COVID-19 pandemic, we implemented an enterprise-wide response to ensure employee safety. In our manufacturing facilities, we enacted social distancing protocols, temperature checks, enhanced sanitation, mask use, and other protective equipment and practices. Our layered protections, combined with robust contact tracing and exclusion protocols, enabled the continued operation of our manufacturing and distribution facilities without significant disruption. During the pandemic, our office staff shifted primarily to working remotely as dictated by local conditions.

## INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The section below provides information regarding our executive officers as of July 1, 2021.

**Richard C. Allendorf**, age 60, is General Counsel and Secretary. Mr. Allendorf joined General Mills in 2001 from The Pillsbury Company. He was promoted to Vice President, Deputy General Counsel in 2010, first overseeing the legal affairs of the U.S. Retail segment and Consumer Food Sales and then, in 2012, overseeing the legal affairs of the International segment and Global Ethics and Compliance. He was named to his present position in February 2015. Prior to joining General Mills, he practiced law with the Shearman and Sterling and Mackall, Crouse and Moore law firms. He was in finance with General Electric prior to his legal career.

**Jodi Benson**, age 56, is Chief Innovation, Technology and Quality Officer. Ms. Benson joined General Mills in 2001 from The Pillsbury Company. She held a variety of positions before becoming the leader of our One Global Dairy Platform from 2011 to March 2016. She was named Vice President for our International business segment from April 2016 to March 2017, and Vice President of the Global Innovation, Technology, and Quality Capabilities Group from April 2017 to July 2018. She was named to her current position in August 2018.

**Kofi A. Bruce**, age 51, is Chief Financial Officer. Mr. Bruce joined General Mills in 2009 as Vice President, Treasurer after serving in a variety of senior management positions with Ecolab and Ford Motor Company. He served as Treasurer until 2010 when he was named Vice President, Finance for Yoplait. Mr. Bruce reassumed his role as Vice President, Treasurer from 2012 until 2014 when he was named Vice President, Finance for Convenience Stores & Foodservice. He was named Vice President, Controller in August 2017, Vice President, Financial Operations in September 2019, and to his present position in February 2020.

**John R. Church**, age 55, is Chief Transformation & Enterprise Services Officer. Mr. Church joined General Mills in 1988 as a Product Developer in the Big G cereals division and held various positions before becoming Vice President, Engineering in 2003. In 2005, his role was expanded to include development of the Company's strategy for the global sourcing of raw materials and manufacturing capabilities. He was named Vice President, Supply Chain Operations in 2007, Senior Vice President, Supply Chain in 2008, Executive Vice President, Supply Chain in 2013, Chief Supply Chain and Global Business Solutions Officer in June 2017, and to his present position in July 2021.

**Paul J. Gallagher**, age 53, is Chief Supply Chain Officer. Mr. Gallagher joined General Mills in April 2019 as Vice President, North America Supply Chain from Diageo plc. He began his career at Diageo where he spent 25 years serving in a variety of leadership roles in manufacturing, procurement, planning, customer service, and engineering before becoming President, North America Supply from 2013 to March 2019. He was named to his current position in July 2021.

**Jeffrey L. Harmening**, age 54, is Chairman of the Board and Chief Executive Officer. Mr. Harmening joined General Mills in 1994 and served in various marketing roles in the Betty Crocker, Yoplait, and Big G cereal divisions. He was named Vice President, Marketing for CPW in 2003 and Vice President of the Big G cereal division in 2007. In 2011, he was promoted to Senior Vice President for the Big G cereal division. Mr. Harmening was appointed Senior Vice President, Chief Executive Officer of CPW in 2012. Mr. Harmening returned from CPW in 2014 and was named Executive Vice President, Chief Operating Officer, U.S. Retail. He became President, Chief Operating Officer in July 2016. He was named Chief Executive Officer in June 2017 and Chairman of the Board in January 2018. Mr. Harmening is a director of The Toro Company.

**Dana M. McNabb**, age 45, is Chief Strategy & Growth Officer. Ms. McNabb joined General Mills in 1999 and held a variety of marketing roles in Cereal, Snacks, Meals, and New Products before becoming Vice President, Marketing for CPW in 2011 and Vice President, Marketing for the Circle of Champions Business Unit in 2015. She became President, U.S. Cereal Operating Unit in December 2016, Group President, Europe & Australia in January 2020, and was named to her present position in July 2021.

**Jaime Montemayor**, age 57, is Chief Digital and Technology Officer. He spent 21 years at PepsiCo, Inc., serving in roles of increasing responsibility, including most recently as Senior Vice President and Chief Information Officer of PepsiCo's Americas Foods segment from 2013 to 2015, and Senior Vice President and Chief Information Officer, Digital Innovation, Data and Analytics, PepsiCo from 2015 to 2016. Mr. Montemayor served as Chief Technology Officer of 7-Eleven Inc. from April 2017 until October 2017. He assumed his current role in February 2020 after founding and operating a digital technology consulting company from November 2017 until January 2020.

**Jon J. Nudi**, age 51, is Group President, North America Retail. Mr. Nudi joined General Mills in 1993 as a Sales Representative and held a variety of roles in Consumer Foods Sales. In 2005, he moved into marketing roles in the Meals division and was elected Vice President in 2007. Mr. Nudi was named Vice President; President, Snacks, in 2010, Senior Vice President, President, Europe/Australasia in 2014, and Senior Vice President; President, U.S. Retail in September 2016. He was named to his present position in January 2017.

**Shawn P. O’Grady**, age 57, is Group President, Convenience Stores & Foodservice. Mr. O’Grady joined General Mills in 1990 and held several marketing roles in the Snacks, Meals, and Big G cereal divisions. He was promoted to Vice President in 1998 and held marketing positions in the Betty Crocker and Pillsbury USA divisions. In 2004, he moved into Consumer Foods Sales, becoming Vice President, President, U.S. Retail Sales in 2007, Senior Vice President, President, Consumer Foods Sales Division in 2010, and Senior Vice President, President, Sales & Channel Development in 2012. He was named to his current position in January 2017.

**Mark A. Pallot**, age 48, is Vice President, Chief Accounting Officer. Mr. Pallot joined General Mills in 2007 and served as Director, Financial Reporting until August 2017, when he was named Vice President, Assistant Controller. He was elected to his present position in February 2020. Prior to joining General Mills, Mr. Pallot held accounting and financial reporting positions at Residential Capital, LLC, Metris, Inc., CIT Group Inc., and Ernst & Young, LLP.

**Bethany Quam**, age 50, is Group President, Pet. Ms. Quam joined General Mills in 1993 and held a variety of positions before becoming Vice President, Strategic Planning in 2007. She was promoted to Vice President, Field Sales, Channels in 2012, Vice President; President, Convenience Stores & Foodservice in 2014, and Senior Vice President; President, Europe & Australia in August 2016, and Group President; Europe & Australia in January 2017. She was named to her current position in October 2019.

**Sean Walker**, age 55, is Group President, Asia & Latin America and Europe & Australia. Mr. Walker joined General Mills in 1989 and held a variety of positions before becoming Vice President, President of Latin America in 2009. He was named Senior Vice President, President Latin America in 2012, Senior Vice President, Corporate Strategy in September 2016, and Group President, Asia & Latin America in February 2019. He was named to his current position in July 2021.

**Jacqueline Williams-Roll**, age 52, is Chief Human Resources Officer. Ms. Williams-Roll joined General Mills in 1995. She held human resources leadership roles in Supply Chain, Finance, Marketing, and Organization Effectiveness, and she also worked a large part of her career on businesses outside of the United States. She was named Vice President, Human Resources, International in 2010, and then promoted to Senior Vice President, Human Resources Operations in 2013. She was named to her present position in September 2014. Prior to joining General Mills, she held sales and management roles with Jenny Craig International.

#### **WEBSITE ACCESS**

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



## ITEM 1A - Risk Factors

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

### *Business and Industry Risks*

#### **Global health developments and economic uncertainty resulting from the COVID-19 pandemic could materially and adversely affect our business, financial condition, and results of operations.**

The public health crisis caused by the COVID-19 pandemic and the measures being taken by governments, businesses, including us, and the public at large to limit COVID-19's spread have had, and we expect will continue to have, certain negative impacts on our business, financial condition, and results of operations including, without limitation, the following:

- We have experienced, and may continue to experience, a decrease in sales of certain of our products in markets around the world that have been affected by the COVID-19 pandemic. In particular, sales of our products in the away-from-home food outlets across all our major markets have been negatively affected by reduced consumer traffic resulting from shelter-in-place regulations or recommendations and closings of restaurants, schools and cafeterias. If the COVID-19 pandemic persists or intensifies, its negative impacts on our sales, particularly in away-from-home food outlets, could be more prolonged and may become more severe.
- Deteriorating economic and political conditions in our major markets affected by the COVID-19 pandemic, such as increased unemployment, decreases in disposable income, declines in consumer confidence, or economic slowdowns or recessions, could cause a decrease in demand for our products.
- We have experienced minor temporary workforce disruptions in our supply chain as a result of the COVID-19 pandemic. We have implemented employee safety measures, based on guidance from the Centers for Disease Control and Prevention and World Health Organization, across all our supply chain facilities, including proper hygiene, social distancing, mask use, and temperature screenings. These measures may not be sufficient to prevent the spread of COVID-19 among our employees. Illness, travel restrictions, absenteeism, or other workforce disruptions could negatively affect our supply chain, manufacturing, distribution, or other business processes. We may face additional production disruptions in the future, which may place constraints on our ability to produce products in a timely manner or may increase our costs.
- Changes and volatility in consumer purchasing and consumption patterns may increase demand for our products in one quarter, resulting in decreased consumer demand for our products in subsequent quarters. Short term or sustained increases in consumer demand at our retail customers may exceed our production capacity or otherwise strain our supply chain.
- The failure of third parties on which we rely, including those third parties who supply our ingredients, packaging, capital equipment and other necessary operating materials, contract manufacturers, commercial transport, distributors, contractors, commercial banks, and external business partners, to meet their obligations to us, or significant disruptions in their ability to do so, may negatively impact our operations.
- Significant changes in the political conditions in markets in which we manufacture, sell, or distribute our products (including quarantines, import/export restrictions, price controls, governmental or regulatory actions, closures or other restrictions that limit or close our operating and manufacturing facilities, restrict our employees' ability to travel or perform necessary business functions, or otherwise prevent our third-party partners, suppliers, or customers from sufficiently staffing operations, including operations necessary for the production, distribution, and sale of our products) could adversely impact our operations and results.
- Actions we have taken or may take, or decisions we have made or may make, as a consequence of the COVID-19 pandemic may result in investigations, legal claims or litigation against us.

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

The consumer and pet food categories in which we participate are very competitive. Our principal competitors in these categories are manufacturers, as well as retailers with their own branded and private label products. Competitors market and sell their products through brick-and-mortar stores and e-commerce. All of our principal competitors have substantial financial, marketing, and other resources. In most product categories, we compete not only with other widely advertised branded products, but also with regional brands and with generic and private label products that are generally sold at lower prices. Competition in our product categories is based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing, promotional activity, convenient ordering and delivery to the consumer, and the ability to identify and satisfy consumer preferences. If our large competitors were to seek an advantage through pricing or promotional changes, we could choose to do the same, which could adversely affect our margins and profitability. If we did not do the same, our revenues and market share could be adversely affected. Our market share and revenue growth could also be adversely impacted if we are not successful in introducing innovative products in response to changing consumer demands or by new product introductions of our competitors. If we are unable to build and sustain

brand equity by offering recognizably superior product quality, we may be unable to maintain premium pricing over generic and private label products.

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

There has been significant consolidation in the grocery industry, resulting in customers with increased purchasing power. In addition, large retail customers may seek to use their position to improve their profitability through improved efficiency, lower pricing, increased reliance on their own brand name products, increased emphasis on generic and other economy brands, and increased promotional programs. If we are unable to use our scale, marketing expertise, product innovation, knowledge of consumers' needs, and category leadership positions to respond to these demands, our profitability and volume growth could be negatively impacted. In addition, the loss of any large customer could adversely affect our sales and profits. In fiscal 2021, Walmart accounted for 20 percent of our consolidated net sales and 29 percent of net sales of our North America Retail segment. For more information on significant customers, please see Note 8 to the Consolidated Financial Statements in Item 8 of this report.

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

The principal raw materials that we use are commodities that experience price volatility caused by external conditions such as weather, climate change, product scarcity, limited sources of supply, commodity market fluctuations, currency fluctuations, trade tariffs, pandemics (such as the COVID-19 pandemic), and changes in governmental agricultural and energy policies and regulations. Commodity prices have become, and may continue to be, more volatile during the COVID-19 pandemic. Commodity price changes may result in unexpected increases in raw material, packaging, energy, and transportation costs. If we are unable to increase productivity to offset these increased costs or increase our prices, we may experience reduced margins and profitability. We do not fully hedge against changes in commodity prices, and the risk management procedures that we do use may not always work as we intend.

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

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

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

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

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

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

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

Maintaining and continually enhancing the value of our many iconic brands is critical to the success of our business. The value of our brands is based in large part on the degree to which consumers react and respond positively to these brands. Brand value could diminish significantly due to a number of factors, including consumer perception that we have acted in an irresponsible manner, adverse publicity about our products, our failure to maintain the quality of our products, the failure of our products to deliver consistently positive consumer experiences, concerns about food safety, or our products becoming unavailable to consumers. Consumer demand for our products may also be impacted by changes in the level of advertising or promotional support. The use of social and digital media by consumers, us, and third parties increases the speed and extent that information or misinformation and

opinions can be shared. Negative posts or comments about us, our brands, or our products on social or digital media could seriously damage our brands and reputation. If we do not maintain the favorable perception of our brands, our business results could be negatively impacted.

### ***Operating Risks***

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

Our future success and earnings growth depend in part on our ability to be efficient in the production and manufacture of our products in highly competitive markets. Gaining additional efficiencies may become more difficult over time. Our failure to reduce costs through productivity gains or by eliminating redundant costs resulting from acquisitions or divestitures could adversely affect our profitability and weaken our competitive position. Many productivity initiatives involve complex reorganization of manufacturing facilities and production lines. Such manufacturing realignment may result in the interruption of production, which may negatively impact product volume and margins. We periodically engage in restructuring and cost savings initiatives designed to increase our efficiency and reduce expenses. If we are unable to execute those initiatives as planned, we may not realize all or any of the anticipated benefits, which could adversely affect our business and results of operations.

#### **Disruption of our supply chain could adversely affect our business.**

Our ability to make, move, and sell products is critical to our success. Damage or disruption to raw material supplies or our manufacturing or distribution capabilities due to weather, climate change, natural disaster, fire, terrorism, cyber-attack, pandemics (such as the COVID-19 pandemic), governmental restrictions or mandates, strikes, import/export restrictions, or other factors could impair our ability to manufacture or sell our products. Many of our product lines are manufactured at a single location or sourced from a single supplier. The failure of third parties on which we rely, including those third parties who supply our ingredients, packaging, capital equipment and other necessary operating materials, contract manufacturers, commercial transport, distributors, contractors, and external business partners, to meet their obligations to us, or significant disruptions in their ability to do so, may negatively impact our operations. Our suppliers' policies and practices can damage our reputation and the quality and safety of our products. Disputes with significant suppliers, including disputes regarding pricing or performance, could adversely affect our ability to supply products to our customers and could materially and adversely affect our sales, financial condition, and results of operations. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, particularly when a product is sourced from a single location or supplier, could adversely affect our business and results of operations, as well as require additional resources to restore our supply chain.

Short term or sustained increases in consumer demand at our retail customers may exceed our production capacity or otherwise strain our supply chain. Our failure to meet the demand for our products could adversely affect our business and results of operations.

#### **Our international operations are subject to political and economic risks.**

In fiscal 2021, 26 percent of our consolidated net sales were generated outside of the United States. We are accordingly subject to a number of risks relating to doing business internationally, any of which could significantly harm our business. These risks include:

- political and economic instability;
- exchange controls and currency exchange rates;
- tariffs on products and ingredients that we import and export;
- nationalization or government control of operations;
- compliance with anti-corruption regulations;
- uncertainty relating to the impact of the United Kingdom's exit from the European Union;
- foreign tax treaties and policies; and
- restriction on the transfer of funds to and from foreign countries, including potentially negative tax consequences.

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

A strengthening in the U.S. dollar relative to other currencies in the countries in which we operate, such as has generally occurred during the COVID-19 pandemic to-date, would negatively affect our reported results of operations and financial results due to currency translation losses and currency transaction losses.

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

Information technology serves an important role in the efficient and effective operation of our business. We rely on information technology networks and systems, including the internet, to process, transmit, and store electronic information to manage a variety of business processes and to comply with regulatory, legal, and tax requirements. Our information technology systems and infrastructure are critical to effectively manage our key business processes including digital marketing, order entry and fulfillment, supply chain management, finance, administration, and other business processes. These technologies enable internal and external communication among our locations, employees, suppliers, customers, and others and include the receipt and storage of personal information about our employees, consumers, and proprietary business information. Our information technology systems, some of which are dependent on services provided by third parties, may be vulnerable to damage, interruption, or shutdown due to any number of causes such as catastrophic events, natural disasters, fires, power outages, systems failures, telecommunications failures, security breaches, computer viruses, hackers, employee error or malfeasance, and other causes. Increased cyber-security threats pose a potential risk to the security and viability of our information technology systems, as well as the confidentiality, integrity, and availability of the data stored on those systems. The failure of our information technology systems to perform as we anticipate could disrupt our business and result in transaction errors, processing inefficiencies, data loss, legal claims or proceedings, regulatory penalties, and the loss of sales and customers. Any interruption of our information technology systems could have operational, reputational, legal, and financial impacts that may have a material adverse effect on our business.

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

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

***Legal and Regulatory Risks***

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

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

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

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

Significant COVID-19 related changes in the political conditions in markets in which we manufacture, sell or distribute our products (including quarantines, import/export restrictions, price controls, governmental or regulatory actions, closures or other restrictions that limit or close our operating and manufacturing facilities, restrict our employees' ability to travel or perform necessary business functions or otherwise prevent our third-party partners, suppliers, or customers from sufficiently staffing operations, including operations necessary for the production, distribution, sale, and support of our products) could adversely impact our operations and results.

We are subject to various federal, state, local, and foreign environmental laws and regulations. Our failure to comply with environmental laws and regulations could subject us to lawsuits, administrative penalties, and civil remedies. We are currently party to a variety of environmental remediation obligations. Due to regulatory complexities, uncertainties inherent in litigation, and the risk of unidentified contaminants on current and former properties of ours, the potential exists for remediation, liability, indemnification, and

compliance costs to differ from our estimates. We cannot guarantee that our costs in relation to these matters, or compliance with environmental laws in general, will not exceed our established liabilities or otherwise have an adverse effect on our business and results of operations.

### ***Financial and Economic Risks***

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

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

#### **Economic downturns could limit consumer demand for our products.**

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

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

As of May 30, 2021, we had total debt, redeemable interests, and noncontrolling interests of \$13.5 billion. The agreements under which we have issued indebtedness do not prevent us from incurring additional unsecured indebtedness in the future. Our level of indebtedness may limit our:

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

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

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

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

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

The COVID-19 pandemic has increased volatility and pricing in the capital markets. We may not have access to preferred sources of liquidity when needed or on terms we find acceptable, and our borrowing costs could increase. An economic or credit crisis could occur and impair credit availability and our ability to raise capital when needed. A disruption in the financial markets may have a

negative effect on our derivative counterparties and could impair our banking or other business partners, on whom we rely for access to capital and as counterparties to our derivative contracts.

From time to time, we issue variable rate securities based on interbank offered rates (IBORs) and enter into interest rate swaps that contain a variable element based on an IBOR. There is currently uncertainty whether certain IBORs will continue to be available after 2021. If certain IBORs cease to be available, we may need to amend affected agreements, and we cannot predict what alternative index would be negotiated with our counterparties and security holders. As a result, our interest expense could increase and our available cash flow for general corporate requirements may be adversely affected.

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

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

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

As of May 30, 2021, we had \$20.7 billion of goodwill and indefinite-lived intangible assets. Goodwill for each of our reporting units is tested for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. We compare the carrying value of the reporting unit, including goodwill, to the fair value of the reporting unit. If the fair value of the reporting unit is less than the carrying value of the reporting unit, including goodwill, impairment has occurred. Our estimates of fair value are determined based on a discounted cash flow model. Growth rates for sales and profits are determined using inputs from our long-range planning process. We also make estimates of discount rates, perpetuity growth assumptions, market comparables, and other factors. If current expectations for growth rates for sales and profits are not met, or other market factors and macroeconomic conditions that could be affected by the COVID-19 pandemic or otherwise were to change, then our reporting units could become significantly impaired. Our Europe & Australia reporting unit had experienced declining business performance, and we continue to monitor this business. While we currently believe that our goodwill is not impaired, different assumptions regarding the future performance of our businesses could result in significant impairment losses.

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

Our indefinite-lived intangible assets are also tested for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. Our estimate of the fair value of the brands is based on a discounted cash flow model using inputs including projected revenues from our long-range plan, assumed royalty rates which could be payable if we did not own the brands, and a discount rate. If current expectations for growth rates for sales and margins are not met, or other market factors and macroeconomic conditions that could be affected by the COVID-19 pandemic or otherwise were to change, then our indefinite-lived intangible assets could become significantly impaired. Our *Progresso*, *Green Giant*, and *EPIC* brands had experienced declining business performance, and we continue to monitor these businesses.

For further information on goodwill and intangible assets, please refer to Note 6 to the Consolidated Financial Statements in Item 8 of this report.

**ITEM 1B - Unresolved Staff Comments**

None.

## ITEM 2 - Properties

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

As of May 30, 2021, we operated 46 facilities for the production of a wide variety of food products. Of these facilities, 24 are located in the United States (1 of which is leased), 4 in the Greater China region, 1 in the Asia/Middle East/Africa Region, 2 in Canada (1 of which is leased), 8 in Europe/Australia, and 7 in Latin America and Mexico. The following is a list of the locations of our principal production facilities, which primarily support the segment noted:

### North America Retail

- St. Hyacinthe, Canada
- Covington, Georgia
- Belvidere, Illinois
- Geneva, Illinois
- Cedar Rapids, Iowa
- Irapuato, Mexico
- Reed City, Michigan
- Fridley, Minnesota
- Hannibal, Missouri
- Albuquerque, New Mexico
- Buffalo, New York
- Cincinnati, Ohio
- Wellston, Ohio
- Murfreesboro, Tennessee
- Milwaukee, Wisconsin

### Convenience Stores & Foodservice

- Chanhassen, Minnesota
- Joplin, Missouri

### Europe & Australia

- Rooty Hill, Australia
- Arras, France
- Labatut, France
- Le Mans, France
- Monetaeu, France
- Vienne, France
- Inofita, Greece
- San Adrian, Spain

### Asia & Latin America

- Cambara, Brazil
- Campo Novo do Pareceis, Brazil
- Nova Prata, Brazil
- Paranavai, Brazil
- Pouso Alegre, Brazil
- Recife, Brazil
- Guangzhou, China
- Nanjing, China
- Sanhe, China
- Shanghai, China
- Nashik, India

### Pet

- Joplin, Missouri
- Richmond, Indiana

We operate numerous grain elevators in the United States in support of our domestic manufacturing activities. We also utilize approximately 15 million square feet of warehouse and distribution space, nearly all of which is leased, that primarily supports our North America Retail segment. We own and lease a number of dedicated sales and administrative offices around the world, totaling approximately 3 million square feet. We have additional warehouse, distribution, and office space in our plant locations.

As part of our Häagen-Dazs business in our Europe & Australia and Asia & Latin America segments, we operate 466 (all leased) and franchise 392 branded ice cream parlors in various countries around the world, all outside of the United States and Canada.

## ITEM 3 - Legal Proceedings

We are the subject of various pending or threatened legal actions in the ordinary course of our business. All such matters are subject to many uncertainties and outcomes that are not predictable with assurance. In our opinion, there were no claims or litigation pending as of May 30, 2021, that were reasonably likely to have a material adverse effect on our consolidated financial position or results of operations. See the information contained under the section entitled "Environmental Matters" in Item 1 of this report for a discussion of environmental matters in which we are involved.

## ITEM 4 - Mine Safety Disclosures

None.

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

Our common stock is listed on the New York Stock Exchange under the symbol "GIS." On June 15, 2021, there were approximately 26,000 record holders of our common stock.

The following table sets forth information with respect to shares of our common stock that we purchased during the fiscal quarter ended May 30, 2021:

<b>Period</b>	<b>Total Number of Shares Purchased (a)</b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Purchased as Part of a Publicly Announced Program (b)</b>	<b>Maximum Number of Shares that may yet be Purchased Under the Program (b)</b>
March 1, 2021 -				
April 4, 2021	2,126,480	\$ 58.78	2,126,480	37,290,922
April 5, 2021 -				
May 2, 2021	2,339,540	61.14	2,339,540	34,951,382
May 3, 2021 -				
May 30, 2021	518,285	63.21	518,285	34,433,097
Total	4,984,305	\$ 60.35	4,984,305	34,433,097

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

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



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

### EXECUTIVE OVERVIEW

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

Our fundamental financial goal is to generate competitively differentiated returns for our shareholders over the long term. We believe achieving that goal requires us to generate a consistent balance of net sales growth, margin expansion, cash conversion, and cash return to shareholders over time.

Our long-term growth objectives are to deliver the following performance on average over time:

- 2 to 3 percent annual growth in organic net sales;
- mid-single-digit annual growth in adjusted operating profit;
- mid- to high-single-digit annual growth in adjusted diluted earnings per share (EPS);
- free cash flow conversion of at least 95 percent of adjusted net earnings after tax; and
- cash return to shareholders of 80 to 90 percent of free cash flow, including an attractive dividend yield.

We are executing our Accelerate strategy to drive sustainable, profitable growth and top-tier shareholder returns over the long term. The strategy focuses on four pillars to create competitive advantages and win: boldly building brands, relentlessly innovating, unleashing our scale, and being a force for good. We are prioritizing our core markets, global platforms, and local gem brands that have the best prospects for profitable growth and we are committed to reshaping our portfolio with strategic acquisitions and divestitures to further enhance our growth profile.

We expect that changes in consumer behaviors driven by the COVID-19 pandemic will result in ongoing elevated consumer demand for food at home, relative to pre-pandemic levels. These changes include more time spent working from home and increased consumer appreciation for cooking and baking. We plan to capitalize on these opportunities, addressing evolving consumer needs through our leading brands, innovation, and advantaged capabilities to generate profitable growth.

In fiscal 2021, we executed well amid the uncertain environment caused by the pandemic, delivering strong growth in organic net sales, adjusted operating profit, and adjusted diluted EPS. We achieved each of the three priorities we established at the beginning of the year:

We competed effectively, everywhere we play, highlighted by market share gains across each of our five global platforms: cereal, pet food, ice cream, snack bars, and Mexican food. Our positive market share performance amid pandemic-driven elevated demand for food at home helped drive organic net sales growth in our North America Retail, Europe & Australia, and Asia & Latin America segments. Conversely, lower away-from-home food demand stemming from the pandemic resulted in a decline in organic net sales for our Convenience Stores & Foodservice segment. For our Pet segment, which was largely unaffected by the pandemic, we were able to generate organic net sales growth despite the comparison against an extra month of results in the prior year.

We drove efficiency to fuel investment in our brands and capabilities. We generated strong levels of Holistic Margin Management (HMM) cost savings and were able to meaningfully increase our investment in brand building activities and in strategic capabilities such as E-commerce, Digital, Data & Analytics, and Strategic Revenue Management.

We reduced our debt leverage and increased our financial flexibility. As a result of our continued cash discipline, we were able to reduce our debt and generate a reduction in our leverage ratio. Due to our improved balance sheet position, we were able to resume dividend growth and share repurchase activity during fiscal 2021.

We also announced important transactions during fiscal 2021 intended to reshape our portfolio for growth, in line with our Accelerate strategy. In March 2021, we announced the proposed sale of our European Yoplait operations to Sodial, in exchange for full ownership of the Canadian Yoplait business and a reduced royalty rate for the use of the Yoplait and Liberté brands in the United States and Canada. The proposed transaction would be anticipated to close by the end of calendar 2021, subject to appropriate labor consultations, regulatory filings, and other customary closing conditions. In May 2021, we reached a definitive agreement to acquire Tyson Foods' pet treats business for \$1.2 billion in cash. The acquisition is expected to close in the first quarter of fiscal 2022, subject to regulatory approval and other customary closing conditions.

Our consolidated net sales for fiscal 2021 rose 3 percent to \$18.1 billion. On an organic basis, net sales increased 4 percent compared to year-ago levels. Operating profit of \$3.1 billion increased 6 percent. Adjusted operating profit of \$3.2 billion increased 2 percent on a constant-currency basis. Diluted EPS of \$3.78 was up 6 percent compared to fiscal 2020 results. Adjusted diluted EPS of \$3.79 increased 4 percent on a constant-currency basis (See the “Non-GAAP Measures” section below for a description of our use of measures not defined by generally accepted accounting principles (GAAP)).

Net cash provided by operations totaled \$3.0 billion in fiscal 2021 representing a conversion rate of 127 percent of net earnings, including earnings attributable to redeemable and noncontrolling interests. This cash generation supported capital investments totaling \$531 million, and our resulting free cash flow was \$2.4 billion at a conversion rate of 103 percent of adjusted net earnings, including earnings attributable to redeemable and noncontrolling interests. We returned cash to shareholders through dividends totaling \$1.2 billion and share repurchases totaling \$301 million, and we reduced total debt outstanding by \$928 million. Our ratio of net debt-to-operating cash flow was 3.7 in fiscal 2021, and our net debt-to-adjusted earnings before net interest, income taxes, depreciation and amortization (net debt-to-adjusted EBITDA) ratio was 2.9 (See the “Non-GAAP Measures” section below for a description of our use of measures not defined by GAAP).

A detailed review of our fiscal 2021 performance compared to fiscal 2020 appears below in the section titled “Fiscal 2021 Consolidated Results of Operations.” A detailed review of our fiscal 2020 performance compared to our fiscal 2019 performance is set forth in Part II, Item 7 of our Form 10-K for the fiscal year ended May 31, 2020 under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Fiscal 2020 Results of Consolidated Operations,” which is incorporated herein by reference.

In fiscal 2022, we expect to continue to compete effectively in a dynamic environment, work aggressively to navigate a turbulent cost environment, and successfully execute our portfolio and organization reshaping actions. We expect the largest factors impacting our performance will be the relative balance of at-home versus away-from-home consumer food demand and the inflationary cost environment, both of which remain uncertain. We expect at-home food demand will decline year over year across most of our core markets, though will remain above pre-pandemic levels. Conversely, we expect away-from-home food demand to continue to recover, though not fully to pre-pandemic levels. With roughly 85 percent of our net sales representing at-home food occasions, we expect these dynamics to result in lower aggregate consumer demand in our categories in fiscal 2022 compared to fiscal 2021 levels.

Total input cost inflation is expected to be approximately 7 percent of cost of goods sold in fiscal 2022. We are addressing the inflationary environment with strong HMM cost savings expected to total roughly 4 percent of cost of goods sold and with positive net price realization generated through our Strategic Revenue Management capability.

Based on these assumptions, our key full-year fiscal 2022 targets are summarized below:

- Organic net sales are expected to decline 1 to 3 percent, which is generally in line with the expected level of aggregate category demand in fiscal 2022.
- Constant-currency adjusted operating profit is expected to decline 2 to 4 percent from the base of \$3.2 billion reported in fiscal 2021.
- Constant-currency adjusted diluted EPS are expected to range between flat and down 2 percent from the base of \$3.79 earned in fiscal 2021.
- Relative to pre-pandemic levels in fiscal 2019, the midpoints of these fiscal 2022 guidance ranges equate to 3-year compound annual growth rates of approximately 2 percent for organic net sales, approximately 2 percent for constant-currency adjusted operating profit, and approximately 5 percent for constant-currency adjusted diluted EPS.
- Free cash flow conversion is expected to be approximately 95 percent of adjusted after-tax earnings.

See the “Non-GAAP Measures” section below for a description of our use of measures not defined by GAAP.

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

## **FISCAL 2021 CONSOLIDATED RESULTS OF OPERATIONS**

Fiscal 2021 had 52 weeks compared to 53 weeks in fiscal 2020. Fiscal 2020 included 13 months of Pet operating segment results as we changed the Pet operating segment’s reporting period from an April fiscal year end to a May fiscal year end to match our fiscal calendar.

In fiscal 2021, net sales increased 3 percent compared to fiscal 2020 and organic net sales increased 4 percent compared to last year. Operating profit margin of 17.3 percent was up 50 basis points from year-ago levels primarily driven by favorable net price realization and mix, a favorable change to the mark-to-market valuation of certain commodity positions and grain inventories, and favorable net corporate investment activity, partially offset by higher input costs, higher restructuring charges, and the loss on the sale of our

Laticinios Carolina business in Brazil. Adjusted operating profit margin increased 10 basis points to 17.4 percent, primarily driven by favorable net price realization and mix and lower selling, general, and administrative (SG&A) expenses, partially offset by higher input costs. Diluted earnings per share of \$3.78 increased 6 percent compared to fiscal 2020. Adjusted diluted earnings per share of \$3.79 increased 4 percent on a constant-currency basis (see the “Non-GAAP Measures” section below for a description of our use of measures not defined by GAAP).

A summary of our consolidated financial results for fiscal 2021 follows:

<b>Fiscal 2021</b>	<b>In millions, except per share</b>	<b>Fiscal 2021 vs. Fiscal 2020</b>	<b>Percent of Net Sales</b>	<b>Constant-Currency Growth (a)</b>
Net sales	\$ 18,127.0	3 %		
Operating profit	3,144.8	6 %	17.3 %	
Net earnings attributable to General Mills	2,339.8	7 %		
Diluted earnings per share	\$ 3.78	6 %		
Organic net sales growth rate (a)		4 %		
Adjusted operating profit (a)	3,153.2	3 %	17.4 %	2 %
Adjusted diluted earnings per share (a)	\$ 3.79	5 %		4 %

(a) See the "Non-GAAP Measures" section below for our use of measures not defined by GAAP.

Consolidated **net sales** were as follows:

	<b>Fiscal 2021</b>	<b>Fiscal 2021 vs. Fiscal 2020</b>	<b>Fiscal 2020</b>
Net sales (in millions)	\$ 18,127.0	3 %	\$ 17,626.6
Contributions from volume growth (a)		Flat	
Net price realization and mix		2 pts	
Foreign currency exchange		1 pt	

Note: Table may not foot due to rounding

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

The 3 percent increase in net sales in fiscal 2021 reflects favorable net price realization and mix and favorable foreign currency exchange.

Components of organic net sales growth are shown in the following table:

#### **Fiscal 2021 vs. Fiscal 2020**

Contributions from organic volume growth (a)	2 pts
Organic net price realization and mix	2 pts
Organic net sales growth	4 pts
Foreign currency exchange	1 pt
53rd week	(2)pts
Net sales growth	3 pts

Note: Table may not foot due to rounding

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

Organic net sales in fiscal 2021 increased 4 percent compared to fiscal 2020, driven by an increase in contributions from organic volume growth and favorable organic net price realization and mix.

**Cost of sales** increased \$182 million in fiscal 2021 to \$11,679 million. The increase was primarily driven by a \$366 million increase attributable to product rate and mix and a \$43 million increase due to higher volume. We recorded a \$139 million net decrease in cost of sales related to mark-to-market valuation of certain commodity positions and grain inventories in fiscal 2021, compared to a net increase of \$25 million in fiscal 2020 (please see Note 8 to the Consolidated Financial Statements in Item 8 of this report for additional information). In fiscal 2021, we recorded \$2 million of restructuring charges in cost of sales, compared to \$26 million of restructuring charges and \$2 million of restructuring initiative project-related costs in fiscal 2020 (please see Note 4 to the Consolidated Financial Statements in Item 8 of this report for additional information). In fiscal 2020, we recorded a \$19 million charge related to a product recall in our international Green Giant business. In fiscal 2020, we recorded an \$18 million increase in certain compensation and benefits expenses.

**Gross margin** increased 5 percent in fiscal 2021 versus fiscal 2020. Gross margin as a percent of net sales increased 80 basis points to 35.6 percent compared to fiscal 2020.

**SG&A expenses** decreased \$72 million to \$3,080 million in fiscal 2021 compared to fiscal 2020. The decrease in SG&A expenses primarily reflects favorable net corporate investment activity and decreased administrative expenses, partially offset by higher media and advertising expenses. SG&A expenses as a percent of net sales in fiscal 2021 decreased 90 basis points compared to fiscal 2020.

**Divestiture loss** totaled \$54 million in fiscal 2021 due to the sale of our Laticínios Carolina business in Brazil (please see Note 3 of the Consolidated Financial Statements in Item 8 of this report).

**Restructuring, impairment, and other exit costs** totaled \$170 million in fiscal 2021 compared to \$24 million in fiscal 2020. In fiscal 2021, we approved restructuring actions designed to better align our organizational structure and resources with strategic initiatives. As a result, we recorded \$157 million of charges in fiscal 2021. We also recorded \$11 million of charges related to Asia & Latin America segment route-to-market and supply chain optimization actions in fiscal 2021. We did not undertake any new restructuring actions in fiscal 2020. Please see Note 4 to the Consolidated Financial Statements in Item 8 of this report for additional information.

**Benefit plan non-service income** totaled \$133 million in fiscal 2021 compared to \$113 million in fiscal 2020, primarily reflecting lower interest costs, partially offset by lower expected returns on plan assets (please see Note 2 to the Consolidated Financial Statements in Item 8 of this report for additional information).

**Interest, net** for fiscal 2021 totaled \$420 million, \$46 million lower than fiscal 2020, primarily driven by lower rates and lower average debt balances.

Our **effective tax rate** for fiscal 2021 was 22.0 percent compared to 18.5 percent in fiscal 2020. The 3.5 percentage point increase was primarily due to the net benefit related to the reorganization of certain wholly owned subsidiaries in fiscal 2020, the non-deductible loss associated with the sale of our Laticínios Carolina business in Brazil in fiscal 2021, and certain nonrecurring discrete tax benefits in fiscal 2020. Our adjusted effective tax rate was 21.1 percent in fiscal 2021 compared to 20.7 percent in fiscal 2020 (see the “Non-GAAP Measures” section below for a description of our use of measures not defined by GAAP).

**After-tax earnings from joint ventures** increased 29 percent to \$118 million in fiscal 2021 compared to fiscal 2020, primarily driven by higher net sales at CPW and HDJ. On a constant-currency basis, after-tax earnings from joint ventures increased 26 percent (see the “Non-GAAP Measures” section below for a description of our use of measures not defined by GAAP). The components of our joint ventures’ net sales growth are shown in the following table:

<b>Fiscal 2021 vs. Fiscal 2020</b>	<b>CPW</b>	<b>HDJ</b>	<b>Total</b>
Contributions from volume growth (a)	4 pts	2 pts	
Net price realization and mix	1 pt	4 pts	
Net sales growth in constant currency	5 pts	6 pts	5 pts
Foreign currency exchange	1 pt	2 pts	1 pt
<b>Net sales growth</b>	<b>6 pts</b>	<b>8 pts</b>	<b>6 pts</b>

Note: Table may not foot due to rounding

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

**Net earnings attributable to redeemable and noncontrolling interests** decreased 79 percent to \$6 million primarily due to the redeemable interest’s 49 percent share of the loss on sale of the Laticínios Carolina business in Brazil.

**Average diluted shares outstanding** increased by 6 million in fiscal 2021 from fiscal 2020 primarily due to option exercises.

## **RESULTS OF SEGMENT OPERATIONS**

Our businesses are organized into five operating segments: North America Retail; Europe & Australia; Convenience Stores & Foodservice; Pet, and Asia & Latin America. Fiscal 2020 includes 13 months of Pet operating segment results as we changed the Pet operating segment’s reporting period from an April fiscal year end to a May fiscal year end to match our fiscal calendar.

The following tables provide the dollar amount and percentage of net sales and operating profit from each segment for fiscal 2021 and fiscal 2020:

In Millions	Fiscal Year			
	2021		2020	
	Dollars	Percent of Total	Dollars	Percent of Total
<b><u>Net Sales</u></b>				
North America Retail	\$ 10,995.4	60 %	\$ 10,750.5	61 %
Europe & Australia	1,981.5	11	1,838.9	10
Convenience Stores & Foodservice	1,742.4	10	1,816.4	10
Pet	1,732.4	10	1,694.6	10
Asia & Latin America	1,675.3	9	1,526.2	9
Total	\$ 18,127.0	100 %	\$ 17,626.6	100 %
<b><u>Segment Operating Profit</u></b>				
North America Retail	\$ 2,623.2	73 %	\$ 2,627.0	75 %
Europe & Australia	151.0	4	113.8	3
Convenience Stores & Foodservice	306.0	9	337.2	10
Pet	415.0	12	390.7	11
Asia & Latin America	85.6	2	18.7	1
Total	\$ 3,580.8	100 %	\$ 3,487.4	100 %

Segment operating profit as reviewed by our executive management excludes unallocated corporate items, net gain/loss on divestitures, and restructuring, impairment, and other exit costs that are centrally managed.

#### ***NORTH AMERICA RETAIL SEGMENT***

Our North America Retail operating segment reflects business with a wide variety of grocery stores, mass merchandisers, membership stores, natural food chains, drug, dollar and discount chains, and e-commerce grocery providers. Our product categories in this business segment are ready-to-eat cereals, refrigerated yogurt, soup, meal kits, refrigerated and frozen dough products, dessert and baking mixes, frozen pizza and pizza snacks, snack bars, fruit snacks, savory snacks, and a wide variety of organic products including ready-to-eat cereal, frozen and shelf-stable vegetables, meal kits, fruit snacks, snack bars, and refrigerated yogurt.

North America Retail net sales were as follows:

	Fiscal 2021	Fiscal 2021 vs. 2020 Percentage Change	Fiscal 2020
Net sales (in millions)	\$ 10,995.4	2 %	\$ 10,750.5
Contributions from volume growth (a)		1 pt	
Net price realization and mix		1 pt	
Foreign currency exchange		Flat	

Note: Table may not foot due to rounding.

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

The 2 percent increase in North America Retail net sales for fiscal 2021 was primarily driven by favorable net price realization and mix and an increase in contributions from volume growth. The 53<sup>rd</sup> week in fiscal 2020 contributed 2 percentage points of net sales decline in fiscal 2021, reflecting 2 percentage points of decline from volume.

The components of North America Retail organic net sales growth are shown in the following table:

	Fiscal 2021 vs. 2020 Percentage Change
Contributions from organic volume growth (a)	3 pts
Organic net price realization and mix	1 pt
Organic net sales growth	4 pts
Foreign currency exchange	Flat
53 <sup>rd</sup> week	(2)pts
Net sales growth	2 pts

Note: Table may not foot due to rounding.

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

North America Retail organic net sales increased 4 percent in fiscal 2021 compared to fiscal 2020, primarily driven by an increase in contributions from organic volume growth and favorable organic net price realization and mix.

Net sales for our North America Retail operating units are shown in the following table:

In Millions	Fiscal 2021	Fiscal 2021 vs. 2020 Percentage Change	Fiscal 2020
U.S. Meals & Baking	\$ 4,611.6	5 %	\$ 4,408.5
U.S. Cereal	2,455.2	1 %	2,434.1
U.S. Snacks	2,048.3	(2) %	2,091.9
Canada (a)	953.2	6 %	897.0
U.S. Yogurt and other	927.1	1 %	919.0
Total	\$ 10,995.4	2 %	\$ 10,750.5

(a) On a constant currency basis, Canada operating unit net sales increased 3 percent in fiscal 2021. See the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP.

Segment operating profit of \$2,623 million in fiscal 2021 essentially matched fiscal 2020 levels, as higher input costs were offset by favorable net price realization and mix and an increase in contributions from volume growth. Segment operating profit was flat on a constant-currency basis in fiscal 2021 compared to fiscal 2020 (see the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP).

#### **EUROPE & AUSTRALIA SEGMENT**

Our Europe & Australia operating segment reflects retail and foodservice businesses in the greater Europe and Australia regions. Our product categories include refrigerated yogurt, meal kits, snack bars, super-premium ice cream, refrigerated and frozen dough products, shelf stable vegetables, and dessert and baking mixes. Revenues from franchise fees are reported in the region or country where the franchisee is located.

Europe & Australia net sales were as follows:

	Fiscal 2021	Fiscal 2021 vs. 2020 Percentage Change	Fiscal 2020
Net sales (in millions)	\$ 1,981.5	8 %	\$ 1,838.9
Contributions from volume growth (a)		(3)pts	
Net price realization and mix		3 pts	
Foreign currency exchange		7 pts	

Note: Table may not foot due to rounding.

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

The 8 percent increase in Europe & Australia net sales in fiscal 2021 was primarily driven by favorable foreign currency exchange and favorable net price realization and mix, partially offset by a decrease in contributions from volume growth. The 53<sup>rd</sup> week in fiscal 2020 contributed 2 percentage points of net sales decline in fiscal 2021, reflecting 2 percentage points of decline from volume.

The components of Europe & Australia organic net sales growth are shown in the following table:

	<b>Fiscal 2021 vs. 2020 Percentage Change</b>
Contributions from organic volume growth (a)	Flat
Organic net price realization and mix	4 pts
Organic net sales growth	3 pts
Foreign currency exchange	7 pts
Divestiture	(1)pt
53 <sup>rd</sup> week	(2)pts
Net sales growth	8 pts

Note: Table may not foot due to rounding

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

The 3 percent increase in Europe & Australia organic net sales growth in fiscal 2021 was primarily driven by favorable organic net price realization and mix.

Segment operating profit increased 33 percent to \$151 million in fiscal 2021 compared to \$114 million in 2020, primarily driven by favorable net price realization and mix, partially offset by higher input costs. Segment operating profit increased 24 percent on a constant-currency basis in fiscal 2021 compared to fiscal 2020 (see the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP).

### **CONVENIENCE STORES & FOODSERVICE SEGMENT**

Our major product categories in our Convenience Stores & Foodservice operating segment are ready-to-eat cereals, snacks, refrigerated yogurt, frozen meals, unbaked and fully baked frozen dough products, baking mixes, and bakery flour. Many products we sell are branded to the consumer and nearly all are branded to our customers. We sell to distributors and operators in many customer channels including foodservice, convenience stores, vending, and supermarket bakeries in the United States.

Convenience Stores & Foodservice net sales were as follows:

	<b>Fiscal 2021</b>	<b>Fiscal 2021 vs. 2020 Percentage Change</b>	<b>Fiscal 2020</b>
Net sales (in millions)	\$ 1,742.4	(4)%	\$ 1,816.4
Contributions from volume growth (a)		(4)pts	
Net price realization and mix		Flat	

Note: Table may not foot due to rounding.

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

Convenience Stores & Foodservice net sales decreased 4 percent in fiscal 2021 primarily driven by a decrease in contributions from volume growth. The 53<sup>rd</sup> week in fiscal 2020 contributed 1 percentage point of net sales decline in fiscal 2021, reflecting 1 percentage point of decline from volume.

The components of Convenience Stores & Foodservice organic net sales growth are shown in the following table:

	<b>Fiscal 2021 vs. 2020 Percentage Change</b>
Contributions from organic volume growth (a)	(2)pts
Organic net price realization and mix	(1)pt
Organic net sales growth	(3)pts
53 <sup>rd</sup> week	(1)pt
Net sales growth	(4)pts

Note: Table may not foot due to rounding

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

The 3 percent decrease in Convenience Stores & Foodservice organic net sales growth in fiscal 2021 was primarily driven by a decrease in contributions from organic volume growth and unfavorable organic net price realization and mix.

Segment operating profit decreased 9 percent to \$306 million in fiscal 2021, compared to \$337 million in fiscal 2020, primarily driven by higher input costs, unfavorable net price realization and mix, and a decrease in contributions from volume growth.

### **PET SEGMENT**

Our Pet operating segment includes pet food products sold primarily in the United States in national pet superstore chains, e-commerce retailers, grocery stores, regional pet store chains, mass merchandisers, and veterinary clinics and hospitals. Our product categories include dog and cat food (dry foods, wet foods, and treats) made with whole meats, fruits, and vegetables and other high-quality natural ingredients. Our tailored pet product offerings address specific dietary, lifestyle, and life-stage needs and span different product types, diet types, breed sizes for dogs, lifestages, flavors, product functions and textures, and cuts for wet foods.

Fiscal 2021 included 12 months of results. Fiscal 2020 included 13 months of Pet operating segment results as we changed the Pet operating segment's reporting period from an April fiscal year end to a May fiscal year end to match our fiscal calendar.

Pet net sales were as follows:

	Fiscal 2021	Fiscal 2021 vs. 2020 Percentage Change		Fiscal 2020
Net sales (in millions)	\$ 1,732.4	2 %	\$	1,694.6
Contributions from volume growth (a)		2 pts		
Net price realization and mix		Flat		
Foreign currency exchange		Flat		

Note: Table may not foot due to rounding.

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

Pet net sales increased 2 percent in fiscal 2021 compared to fiscal 2020, primarily driven by an increase in contributions from volume growth.

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

	Fiscal 2021 vs. 2020 Percentage Change
Contributions from organic volume growth (a)	2 pts
Organic net price realization and mix	Flat
Organic net sales growth	2 pts
Foreign currency exchange	Flat
Net sales growth	2 pts

Note: Table may not foot due to rounding.

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

The 2 percent increase in Pet organic net sales growth in fiscal 2021 was primarily driven by an increase in contributions from organic volume growth.

Pet operating profit increased 6 percent to \$415 million in fiscal 2021, compared to \$391 million in fiscal 2020, primarily driven by an increase in contributions from volume growth, lower SG&A expenses, and favorable net price realization and mix, partially offset by higher input costs. Segment operating profit increased 6 percent on a constant-currency basis in fiscal 2021 compared to fiscal 2020 (see the "Non-GAAP Measures" section below for our use of this measure not defined by GAAP).

### **ASIA & LATIN AMERICA SEGMENT**

Our Asia & Latin America operating segment consists of retail and foodservice businesses in the greater Asia and South America regions. Our product categories include super-premium ice cream and frozen desserts, meal kits, dessert and baking mixes, snack bars, salty snacks, refrigerated and frozen dough products, and wellness beverages. We also sell super-premium ice cream and frozen desserts directly to consumers through owned retail shops. Our Asia & Latin America segment also includes products manufactured in the United States for export, mainly to Caribbean and Latin American markets, as well as products we manufacture for sale to our international joint ventures. Revenues from export activities and franchise fees are reported in the region or country where the end customer or franchisee is located.



Asia & Latin America net sales were as follows:

	Fiscal 2021	Fiscal 2021 vs. 2020 Percentage Change	Fiscal 2020
Net sales (in millions)	\$ 1,675.3	10 %	\$ 1,526.2
Contributions from volume growth (a)		10 pts	
Net price realization and mix		4 pts	
Foreign currency exchange		(4) pts	

Note: Table may not foot due to rounding.

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

Asia & Latin America net sales increased 10 percent in fiscal 2021 compared to fiscal 2020, primarily driven by an increase in contributions from volume growth and favorable net price realization and mix, partially offset by unfavorable foreign currency exchange. The 53<sup>rd</sup> week in fiscal 2020 contributed 2 percentage points of net sales decline in fiscal 2021, reflecting 2 percentage points of decline in volume.

The components of Asia & Latin America organic net sales growth are shown in the following table:

	Fiscal 2021 vs. 2020 Percentage Change
Contributions from organic volume growth (a)	12 pts
Organic net price realization and mix	3 pts
Organic net sales growth	15 pts
Foreign currency exchange	(4)pts
53 <sup>rd</sup> week	(2)pts
Net sales growth	10 pts

Note: Table may not foot due to rounding.

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

The 15 percent increase in Asia & Latin America organic net sales in fiscal 2021 was primarily driven by an increase in contributions from organic volume growth and favorable organic net price realization and mix.

Segment operating profit increased \$67 million to \$86 million in fiscal 2021, compared to \$19 million in fiscal 2020, primarily driven by favorable net price realization and mix, an increase in contributions from volume growth, and favorable foreign currency exchange, partially offset by higher input costs.

#### **UNALLOCATED CORPORATE ITEMS**

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

In fiscal 2021, unallocated corporate expense decreased \$297 million to \$212 million compared to \$509 million last year. In fiscal 2021, we recorded a \$139 million net decrease in expense related to mark-to-market valuation of certain commodity positions and grain inventories, compared to a \$25 million net increase in expense in the prior year. In addition, we recorded \$2 million of restructuring charges in cost of sales in fiscal 2021, compared to \$26 million of restructuring charges and \$2 million of restructuring initiative project-related costs in cost of sales in fiscal 2020. We also recorded a \$4 million favorable adjustment related to a product recall in our international Green Giant business in fiscal 2021, compared to a \$19 million charge in fiscal 2020. In fiscal 2021, we recorded \$76 million of net gains related to valuation adjustments and the gain on sale of certain corporate investments, compared to \$8 million of net losses related to valuation adjustments and the loss on sale of certain corporate investments in fiscal 2020. In fiscal 2021, we recorded \$10 million of transaction costs related to our non-binding memorandum of understanding to sell our 51 percent controlling interest in our European Yoplait business and our planned acquisition of Tyson Foods' pet treats business. In addition, we recorded a \$9 million gain related to a Brazil indirect tax item in fiscal 2021.

## IMPACT OF INFLATION

We experienced input cost inflation of 4 percent in fiscal 2021 and 4 percent in fiscal 2020, primarily on commodity inputs. We expect input cost inflation of approximately 7 percent in fiscal 2022. We attempt to minimize the effects of inflation through HMM, strategic revenue management, planning, and operating practices. Our risk management practices are discussed in Item 7A of this report.

## LIQUIDITY AND CAPITAL RESOURCES

The primary source of our liquidity is cash flow from operations. Over the most recent two-year period, our operations have generated \$6.6 billion in cash. A substantial portion of this operating cash flow has been returned to shareholders through dividends and share repurchases. We also use cash from operations to fund our capital expenditures and acquisitions. We typically use a combination of cash, notes payable, and long-term debt, and occasionally issue shares of common stock, to finance significant acquisitions. Our sources of liquidity were not materially impacted from the COVID-19 pandemic.

As of May 30, 2021, we had \$687 million of cash and cash equivalents held in foreign jurisdictions. In anticipation of repatriating funds from foreign jurisdictions, we record local country withholding taxes on our international earnings, as applicable. We may repatriate our cash and cash equivalents held by our foreign subsidiaries without such funds being subject to further U.S. income tax liability. Earnings prior to fiscal 2018 from our foreign subsidiaries remain permanently reinvested in those jurisdictions.

### *Cash Flows from Operations*

In Millions	Fiscal Year	
	2021	2020
Net earnings, including earnings attributable to redeemable and noncontrolling interests	\$ 2,346.0	\$ 2,210.8
Depreciation and amortization	601.3	594.7
After-tax earnings from joint ventures	(117.7)	(91.1)
Distributions of earnings from joint ventures	95.2	76.5
Stock-based compensation	89.9	94.9
Deferred income taxes	118.8	(29.6)
Pension and other postretirement benefit plan contributions	(33.4)	(31.1)
Pension and other postretirement benefit plan costs	(33.6)	(32.3)
Divestiture loss	53.5	-
Restructuring, impairment, and other exit costs	150.9	43.6
Changes in current assets and liabilities, excluding the effects of divestiture	(155.9)	793.9
Other, net	(131.8)	45.9
Net cash provided by operating activities	\$ 2,983.2	\$ 3,676.2

During fiscal 2021, cash provided by operations was \$2,983 million compared to \$3,676 million in the same period last year. The \$693 million decrease was primarily driven by a \$950 million change in current assets and liabilities, partially offset by a \$148 million change in deferred income taxes and a \$135 million increase in net earnings. The \$950 million change in current assets and liabilities was primarily driven by a \$458 million change in inventory balances and a \$296 million change in other current liabilities, primarily driven by changes in income taxes payable, incentive accruals, and trade and advertising accruals.

We strive to grow core working capital at or below the rate of growth in our net sales. For fiscal 2021, core working capital increased 6 percent, compared to a net sales increase of 3 percent. As of May 30, 2021, our core working capital balance was a net liability of \$194 million compared to a net liability of \$206 million in fiscal 2020. The \$12 million change was primarily due to lower inventory balances in fiscal 2020 driven by the surge in at-home demand at the outset of the pandemic, partially offset by an increase in accounts payable in fiscal 2021 due to increased costs incurred to service demand. In fiscal 2020, core working capital decreased \$591 million, compared to a net sales increase of 5 percent.

### Cash Flows from Investing Activities

In Millions	Fiscal Year	
	2021	2020
Purchases of land, buildings, and equipment	\$ (530.8)	\$ (460.8)
Investments in affiliates, net	15.5	(48.0)
Proceeds from disposal of land, buildings, and equipment	2.7	1.7
Proceeds from divestiture	2.9	-
Other, net	(3.1)	20.9
Net cash used by investing activities	\$ (512.8)	\$ (486.2)

In fiscal 2021, we used \$513 million of cash through investing activities compared to \$486 million in fiscal 2020. We invested \$531 million in land, buildings, and equipment in fiscal 2021, an increase of \$70 million from fiscal 2020.

We expect capital expenditures to be approximately 3.5 percent of reported net sales in fiscal 2022. These expenditures will fund initiatives that are expected to fuel growth, support innovative products, and continue HMM initiatives throughout the supply chain.

### Cash Flows from Financing Activities

In Millions	Fiscal Year	
	2021	2020
Change in notes payable	\$ 71.7	\$ (1,158.6)
Issuance of long-term debt	1,576.5	1,638.1
Payment of long-term debt	(2,609.0)	(1,396.7)
Debt exchange participation incentive cash payment	(201.4)	-
Proceeds from common stock issued on exercised options	74.3	263.4
Purchases of common stock for treasury	(301.4)	(3.4)
Dividends paid	(1,246.4)	(1,195.8)
Distributions to redeemable and noncontrolling interest holders	(48.9)	(72.5)
Other, net	(30.9)	(16.0)
Net cash used by financing activities	\$ (2,715.5)	\$ (1,941.5)

Financing activities used \$2.7 billion of cash in fiscal 2021 compared to \$1.9 billion in fiscal 2020. We had \$961 million of net debt repayments in fiscal 2021 compared to \$917 million of net debt repayments in fiscal 2020. In addition, we paid a participation incentive of \$201 million related to a debt exchange in fiscal 2021. For more information on our debt issuances and payments, please refer to Note 9 to the Consolidated Financial Statements in Item 8 of this report.

During fiscal 2021, we received \$74 million of net proceeds from common stock issued on exercised options compared to \$263 million in fiscal 2020.

During fiscal 2021, we repurchased 5 million shares of our common stock for \$301 million. Share repurchases in fiscal 2020 were insignificant.

Dividends paid in fiscal 2021 totaled \$1,246 million, or \$2.02 per share. Dividends paid in fiscal 2020 totaled \$1,196 million, or \$1.96 per share.

### Selected Cash Flows from Joint Ventures

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

Inflow (Outflow), in Millions	Fiscal Year	
	2021	2020
Investments in affiliates, net	\$ 15.5	\$ (48.0)
Dividends received	95.2	76.5

The following table details the fee-paid committed and uncommitted credit lines we had available as of May 30, 2021:

In Billions	Facility Amount		Borrowed Amount	
Credit facility expiring:				
April 2026	\$	2.7	\$	-
September 2022		0.2		-
Total committed credit facilities		2.9		-
Uncommitted credit facilities		0.6		0.4
Total committed and uncommitted credit facilities	\$	3.5	\$	0.4

To ensure availability of funds, we maintain bank credit lines and have commercial paper programs available to us in the United States and Europe. In response to uncertainty surrounding the availability and cost of commercial paper borrowings as a result of the COVID-19 pandemic, we issued \$750 million of fixed-rate notes in April 2020 and reduced our borrowings under commercial paper programs. As the COVID-19 pandemic evolves, we will continue to evaluate its impact to our sources of liquidity. We also have uncommitted and asset-backed credit lines that support our foreign operations.

We have material contractual obligations that arise in the normal course of business and we believe that cash flows from operations will be adequate to meet our liquidity and capital needs for at least the next 12 months.

Certain of our long-term debt agreements, our credit facilities, and our noncontrolling interests contain restrictive covenants. As of May 30, 2021, we were in compliance with all of these covenants.

We have \$2,464 million of long-term debt maturing in the next 12 months that is classified as current, including €200 million of 2.2 percent fixed-rate notes due June 2021, €500 million of 0.0 percent fixed-rate notes due August 2021, €500 million of 0.0 percent fixed-rate notes due November 2021, and \$1 billion of 3.15 percent fixed-rate notes due December 2021. We believe that cash flows from operations, together with available short- and long-term debt financing, will be adequate to meet our liquidity and capital needs for at least the next 12 months.

As of May 30, 2021, our total debt, including the impact of derivative instruments designated as hedges, was 88 percent in fixed-rate and 12 percent in floating-rate instruments, compared to 87 percent in fixed-rate and 13 percent in floating-rate instruments on May 31, 2020.

Our net debt to operating cash flow ratio increased to 3.7 in fiscal 2021 from 3.2 in fiscal 2020, primarily driven by a decrease in cash provided by operations. Our net debt-to-adjusted EBITDA ratio declined to 2.9 in fiscal 2021 from 3.2 in fiscal 2020 (see the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP).

We have a 51 percent controlling interest in Yoplait SAS and a 50 percent interest in Yoplait Marques SNC and Liberté Marques Sàrl. Sodiaal International (Sodiaal) holds the remaining interests in each of these entities. We consolidate these entities into our consolidated financial statements. We record Sodiaal’s 50 percent interest in Yoplait Marques SNC and Liberté Marques Sàrl as noncontrolling interests, and its 49 percent interest in Yoplait SAS as a redeemable interest on our Consolidated Balance Sheets. These euro- and Canadian dollar-denominated interests are reported in U.S. dollars on our Consolidated Balance Sheets. Sodiaal has the ability to put all or a portion of its redeemable interest to us at fair value once per year, up to three times before December 2024. As of May 30, 2021, the redemption value of the redeemable interest was \$605 million which approximates its fair value.

In March 2021, we entered into a non-binding memorandum of understanding to sell our 51 percent controlling interest in our European Yoplait business to Sodiaal. As part of the proposed transaction, we would obtain Sodiaal’s 49 percent ownership interest in our Canadian yogurt business, making the Canadian yogurt business a wholly owned subsidiary. The proposed transaction would be anticipated to close in fiscal 2022, subject to labor consultations, regulatory filings, and other customary closing conditions.

The third-party holder of the General Mills Cereals, LLC (GMC) Class A Interests receives quarterly preferred distributions from available net income based on the application of a floating preferred return rate to the holder’s capital account balance established in the most recent mark-to-market valuation (currently \$252 million). On June 1, 2021, the floating preferred return rate on GMC’s Class A Interests was reset to the sum of three-month LIBOR plus 160 basis points. The preferred return rate is adjusted every three years through a negotiated agreement with the Class A Interest holder or through a remarketing auction.

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

## CRITICAL ACCOUNTING ESTIMATES

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

### ***Considerations related to the COVID-19 pandemic***

The continuing impact that the recent COVID-19 pandemic will have on our consolidated results of operations is uncertain. We saw increased orders from retail customers across all geographies in response to increased consumer demand for food at home. We also experienced a COVID-19-related decrease in consumer traffic in away-from-home food outlets. In fiscal 2022, we expect at-home food demand will decline year over year across most of our core markets though will remain above pre-pandemic levels. Conversely, we expect away-from-home food demand to continue to recover, though not fully to pre-pandemic levels. We expect one of the largest factors impacting our performance will be relative balance of at-home versus away-from-home consumer food demand, primarily driven by the level of virus control in markets around the world, which remains uncertain. We have considered the potential impacts of the COVID-19 pandemic in our significant accounting estimates as of May 30, 2021, and will continue to evaluate the nature and extent of the impact to our business and consolidated results of operations.

### ***Revenue Recognition***

Our revenues are reported net of variable consideration and consideration payable to our customers, including trade promotion, consumer coupon redemption and other reductions to the transaction price, including estimated allowances for returns, unsalable product, and prompt pay discounts. Trade promotions are recorded using significant judgment of estimated participation and performance levels for offered programs at the time of sale. Differences between the estimated and actual reduction to the transaction price are recognized as a change in estimate in a subsequent period. Our accrued trade and coupon promotion liabilities were \$508 million as of May 30, 2021, and \$471 million as of May 31, 2020. Because these amounts are significant, if our estimates are inaccurate we would have to make adjustments in subsequent periods that could have a significant effect on our results of operations.

### ***Valuation of Long-Lived Assets***

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

### ***Intangible Assets***

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

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

As of May 30, 2021, we had \$21 billion of goodwill and indefinite-lived intangible assets. While we currently believe that the fair value of each intangible exceeds its carrying value and that those intangibles will contribute indefinitely to our cash flows, materially different assumptions regarding future performance of our businesses or a different weighted-average cost of capital could result in material impairment losses and amortization expense. We performed our fiscal 2021 assessment of our intangible assets as of the first day of the second quarter of fiscal 2021, and we determined there was no impairment of our intangible assets as their related fair values were substantially in excess of the carrying values.

While having significant coverage as of our fiscal 2021 assessment date, the Europe & Australia reporting unit and the *Progresso*, *Green Giant*, and *EPIC* brand intangible assets had risk of decreasing coverage. We will continue to monitor these businesses for potential impairment.

### **Redeemable Interest**

The significant assumptions used to estimate the redemption value of the redeemable interest include projected revenue growth and profitability from our long-range plan, capital spending, depreciation and taxes, foreign currency exchange rates, and a discount rate. As of May 30, 2021, the redemption value of the redeemable interest was \$605 million.

### **Stock-based Compensation**

The valuation of stock options is a significant accounting estimate that requires us to use judgments and assumptions that are likely to have a material impact on our financial statements. Annually, we make predictive assumptions regarding future stock price volatility, employee exercise behavior, dividend yield, and the forfeiture rate. For more information on these assumptions, please see Note 12 to the Consolidated Financial Statements in Item 8 of this report.

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

	2021		Fiscal Year 2020		2019	
Estimated fair values of stock options granted	\$	8.03	\$	7.10	\$	5.35
Assumptions:						
Risk-free interest rate		0.7 %		2.0 %		2.9 %
Expected term		8.5 years		8.5 years		8.5 years
Expected volatility		19.5 %		17.4 %		16.3 %
Dividend yield		3.3 %		3.6 %		4.3 %

The risk-free interest rate for periods during the expected term of the options is based on the U.S. Treasury zero-coupon yield curve in effect at the time of grant. An increase in the expected term by 1 year, leaving all other assumptions constant, would increase the grant date fair value by less than 1 percent. If all other assumptions are held constant, a one percentage point increase in our fiscal 2021 volatility assumption would increase the grant date fair value of our fiscal 2021 option awards by 7 percent.

To the extent that actual outcomes differ from our assumptions, we are not required to true up grant-date fair value-based expense to final intrinsic values. Historical data has a significant bearing on our forward-looking assumptions. Significant variances between actual and predicted experience could lead to prospective revisions in our assumptions, which could then significantly impact the year-over-year comparability of stock-based compensation expense.

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

Realized windfall tax benefits and shortfall tax deficiencies related to the exercise or vesting of stock-based awards are recognized in the Consolidated Statement of Earnings. Because employee stock option exercise behavior is not within our control, it is possible that significantly different reported results could occur if different assumptions or conditions were to prevail.

### **Income Taxes**

We apply a more-likely-than-not threshold to the recognition and derecognition of uncertain tax positions. Accordingly, we recognize the amount of tax benefit that has a greater than 50 percent likelihood of being ultimately realized upon settlement. Future changes in judgment related to the expected ultimate resolution of uncertain tax positions will affect earnings in the period of such change. For more information on income taxes, please see Note 15 to the Consolidated Financial Statements in Item 8 of this report.

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

We have defined benefit pension plans covering many employees in the United States, Canada, Switzerland, France, and the United Kingdom. We also sponsor plans that provide health care benefits to many of our retirees in the United States, Canada, and Brazil. Under certain circumstances, we also provide accruable benefits, primarily severance, to former and inactive employees in the United States, Canada, and Mexico. Please see Note 14 to the Consolidated Financial Statements in Item 8 of this report for a description of our defined benefit pension, other postretirement benefit, and postemployment benefit plans.

We recognize benefits provided during retirement or following employment over the plan participants' active working lives. Accordingly, we make various assumptions to predict and measure costs and obligations many years prior to the settlement of our obligations. Assumptions that require significant management judgment and have a material impact on the measurement of our net

periodic benefit expense or income and accumulated benefit obligations include the long-term rates of return on plan assets, the interest rates used to discount the obligations for our benefit plans, and health care cost trend rates.

### Expected Rate of Return on Plan Assets

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

Our historical investment returns (compound annual growth rates) for our United States defined benefit pension and other postretirement benefit plan assets were 11.4 percent, 10.8 percent, 9.3 percent, 8.0 percent, and 8.3 percent for the 1, 5, 10, 15, and 20 year periods ended May 30, 2021.

On a weighted-average basis, the expected rate of return for all defined benefit plans was 5.72 percent for fiscal 2021, 6.95 percent for fiscal 2020, and 7.25 percent for fiscal 2019. For fiscal 2022, we increased our weighted-average expected rate of return on plan assets for our principal defined benefit pension and other postretirement plans in the United States to 5.96 percent due to expected long-term asset returns.

Lowering the expected long-term rate of return on assets by 100 basis points would increase our net pension and postretirement expense by \$72 million for fiscal 2022. A market-related valuation basis is used to reduce year-to-year expense volatility. The market-related valuation recognizes certain investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market-related value of assets. Our outside actuaries perform these calculations as part of our determination of annual expense or income.

### Discount Rates

We estimate the service and interest cost components of the net periodic benefit expense for our United States and most of our international defined benefit pension, other postretirement benefit, and postemployment benefit plans utilizing a full yield curve approach by applying the specific spot rates along the yield curve used to determine the benefit obligation to the relevant projected cash flows. Our discount rate assumptions are determined annually as of May 31 for our defined benefit pension, other postretirement benefit, and postemployment benefit plan obligations. We work with our outside actuaries to determine the timing and amount of expected future cash outflows to plan participants and, using the Aa Above Median corporate bond yield, to develop a forward interest rate curve, including a margin to that index based on our credit risk. This forward interest rate curve is applied to our expected future cash outflows to determine our discount rate assumptions.

Our weighted-average discount rates were as follows:

	Defined Benefit Pension Plans		Other Postretirement Benefit Plans		Postemployment Benefit Plans	
Effective rate for fiscal 2022 service costs	3.53	%	3.34	%	2.46	%
Effective rate for fiscal 2022 interest costs	2.42	%	2.08	%	1.48	%
Obligations as of May 31, 2021	3.17	%	3.03	%	2.04	%
Effective rate for fiscal 2021 service costs	3.59	%	3.44	%	2.54	%
Effective rate for fiscal 2021 interest costs	2.54	%	2.32	%	1.41	%
Obligations as of May 31, 2020	3.20	%	3.02	%	1.85	%
Effective rate for fiscal 2020 service costs	4.19	%	4.04	%	3.51	%
Effective rate for fiscal 2020 interest costs	3.47	%	3.28	%	2.84	%

Lowering the discount rates by 100 basis points would increase our net defined benefit pension, other postretirement benefit, and postemployment benefit plan expense for fiscal 2022 by approximately \$54 million. All obligation-related experience gains and losses are amortized using a straight-line method over the average remaining service period of active plan participants or over the average remaining lifetime of the remaining plan participants if the plan is viewed as “all or almost all” inactive participants.

### Health Care Cost Trend Rates

We review our health care cost trend rates annually. Our review is based on data we collect about our health care claims experience and information provided by our actuaries. This information includes recent plan experience, plan design, overall industry experience

and projections, and assumptions used by other similar organizations. Our initial health care cost trend rate is adjusted as necessary to remain consistent with this review, recent experiences, and short-term expectations. Our initial health care cost trend rate assumption is 6.3 percent for retirees age 65 and over and 6.0 percent for retirees under age 65 at the end of fiscal 2021. Rates are graded down annually until the ultimate trend rate of 4.5 percent is reached in 2029 for all retirees. The trend rates are applicable for calculations only if the retirees' benefits increase as a result of health care inflation. The ultimate trend rate is adjusted annually, as necessary, to approximate the current economic view on the rate of long-term inflation plus an appropriate health care cost premium. Assumed trend rates for health care costs have an important effect on the amounts reported for the other postretirement benefit plans.

Any arising health care claims cost-related experience gain or loss is recognized in the calculation of expected future claims. Once recognized, experience gains and losses are amortized using a straight-line method over the average remaining service period of active plan participants or over the average remaining lifetime of the remaining plan participants if the plan is viewed as "all or almost all" inactive participants.

### **Financial Statement Impact**

In fiscal 2021, we recorded net defined benefit pension, other postretirement benefit, and postemployment benefit plan expense of \$4 million compared to \$2 million of income in fiscal 2020 and \$24 million of expense in fiscal 2019. As of May 30, 2021, we had cumulative unrecognized actuarial net losses of \$2 billion on our defined benefit pension plans and cumulative unrecognized actuarial net gains of \$179 million on our postretirement and postemployment benefit plans, mainly as the result of liability increases from lower interest rates, partially offset by recent increases in the values of plan assets. These unrecognized actuarial net losses will result in increases in our future pension and postretirement benefit expenses because they currently exceed the corridors defined by GAAP.

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

### **RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In March 2020, the Financial Accounting Standards Board (FASB) issued optional accounting guidance for a limited period of time to ease the potential burden in accounting for reference rate reform. The new standard provides expedients and exceptions to existing accounting requirements for contract modifications and hedge accounting related to transitioning from discontinued reference rates, such as LIBOR, to alternative reference rates, if certain criteria are met. The new accounting requirements can be applied as of the beginning of the interim period including March 12, 2020, or any date thereafter, through December 31, 2022. We are in the process of reviewing our contracts and arrangements that will be affected by a discontinued reference rate and are analyzing the impact of this guidance on our results of operations and financial position.

### **NON-GAAP MEASURES**

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

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

Several measures below are presented on an adjusted basis. The adjustments are either items resulting from infrequently occurring events or items that, in management's judgment, significantly affect the year-to-year assessment of operating results.

#### ***Organic Net Sales Growth Rates***

We provide organic net sales growth rates for our consolidated net sales and segment net sales. This measure is used in reporting to our Board of Directors and executive management and as a component of the measurement of our performance for incentive compensation purposes. We believe that organic net sales growth rates provide useful information to investors because they provide transparency to underlying performance in our net sales by excluding the effect that foreign currency exchange rate fluctuations, as well as acquisitions, divestitures, and a 53<sup>rd</sup> week, when applicable, have on year-to-year comparability. A reconciliation of these measures to reported net sales growth rates, the relevant GAAP measures, are included in our Consolidated Results of Operations and Results of Segment Operations discussions in the MD&A above.



### Adjusted Operating Profit Growth on a Constant-currency Basis

This measure is used in reporting to our Board of Directors and executive management and as a component of the measurement of our performance for incentive compensation purposes. We believe that this measure provides useful information to investors because it is the operating profit measure we use to evaluate operating profit performance on a comparable year-to-year basis. Additionally, the measure is evaluated on a constant-currency basis by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability given the volatility in foreign currency exchange rates.

Our adjusted operating profit growth on a constant-currency basis is calculated as follows:

	Fiscal Year		Change	
	2021	2020		
Operating profit as reported	\$ 3,144.8	\$ 2,953.9	6	%
Restructuring charges (a)	172.7	50.2		
Project-related costs (a)	-	1.5		
Mark-to-market effects (b)	(138.8)	24.7		
Investment activity, net (c)	(76.4)	8.4		
Divestiture loss (d)	53.5	-		
Transaction costs (e)	9.5	-		
Non-income tax gain (f)	(8.8)	-		
Product recall adjustment, net (g)	(3.5)	19.3		
Adjusted operating profit	\$ 3,153.2	\$ 3,058.0	3	%
Foreign currency exchange impact			1	pt
Adjusted operating profit growth, on a constant-currency basis			2	%

Note: Table may not foot due to rounding.

- (a) Restructuring charges related to actions designed to better align our organizational structure and resources with strategic initiatives, Asia & Latin America route-to-market and supply chain optimization actions, and previously announced restructuring actions in fiscal 2021. Restructuring and project-related charges for previously announced restructuring actions in fiscal 2020. Please see Note 4 to the Consolidated Financial Statements in Item 8 of this report.
- (b) Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items. Please see Note 8 to the Consolidated Financial Statements in Item 8 of this report.
- (c) Valuation adjustments and the gain on sale of certain corporate investments in fiscal 2021. Valuation adjustments and the loss on sale of certain corporate investments in fiscal 2020.
- (d) Divestiture loss from the sale of our Laticínios Carolina business in Brazil. Please see Note 3 to the Consolidated Financial Statements in Item 8 of this report.
- (e) Transaction costs related to our non-binding memorandum of understanding to sell our 51 percent controlling interest in our European Yoplait business and transaction costs related to our planned acquisition of Tyson Foods' pet treats business.
- (f) Gain related to Brazil indirect tax item.
- (g) Net product recall adjustment related to our international Green Giant business in fiscal 2021. Product recall costs related to our international Green Giant business in fiscal 2020.

### Adjusted Diluted EPS and Related Constant-currency Growth Rate

This measure is used in reporting to our Board of Directors and executive management. We believe that this measure provides useful information to investors because it is the profitability measure we use to evaluate earnings performance on a comparable year-to-year basis.

The reconciliation of our GAAP measure, diluted EPS, to adjusted diluted EPS and the related constant-currency growth rate follows:

Per Share Data	Fiscal Year			Change
	2021	2020	2021 vs. 2020	
Diluted earnings per share, as reported	\$ 3.78	\$ 3.56	6 %	
Restructuring charges (a)	0.22	0.06		
Mark-to-market effects (b)	(0.17)	0.03		
Investment activity, net (c)	(0.10)	-		
Divestiture loss (d)	0.04	-		
Tax items (e)	0.02	(0.09)		
Transaction costs (f)	0.01	-		
Non-income tax gain (g)	(0.01)	-		
Product recall (h)	-	0.03		
CPW restructuring charges (i)	-	0.01		
Adjusted diluted earnings per share	\$ 3.79	\$ 3.61	5 %	
Foreign currency exchange impact			1 pt	
Adjusted diluted earnings per share growth, on a constant-currency basis			4 %	

Note: Table may not foot due to rounding.

- (a) Restructuring charges related to actions designed to better align our organizational structure and resources with strategic initiatives, Asia & Latin America route-to-market and supply chain optimization actions, and previously announced restructuring actions in fiscal 2021. Restructuring charges for previously announced restructuring actions in fiscal 2020. Please see Note 4 to the Consolidated Financial Statements in Item 8 of this report.
- (b) Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items. Please see Note 8 to the Consolidated Financial Statements in Item 8 of this report.
- (c) Valuation adjustments and the gain on sale of certain corporate investments.
- (d) Our 51 percent share of the divestiture loss from the sale of our Laticínios Carolina business in Brazil. Please see Note 3 to the Consolidated Financial Statements in Item 8 of this report.
- (e) Tax item related to amendments to reorganize certain U.S. retiree health and welfare benefit plans in fiscal 2021. Discrete tax benefit related to the reorganization of certain wholly owned subsidiaries in fiscal 2020. Please see Note 15 to the Consolidated Financial Statements in Item 8 of this report.
- (f) Transaction costs related to our non-binding memorandum of understanding to sell our 51 percent controlling interest in our European Yoplait business and our planned acquisition of Tyson Foods' pet treats business.
- (g) Gain related to Brazil indirect tax item.
- (h) Product recall costs related to our international Green Giant business in fiscal 2020.
- (i) CPW restructuring charges related to previously announced restructuring actions.

See our reconciliation below of the effective income tax rate as reported to the adjusted effective income tax rate for the tax impact of each item affecting comparability.

### Free Cash Flow Conversion Rate

We believe this measure provides useful information to investors because it is important for assessing our efficiency in converting earnings to cash and returning cash to shareholders. The calculation of free cash flow conversion rate and net cash provided by operating activities conversion rate, its equivalent GAAP measure, follows:

In Millions	Fiscal 2021
Net earnings, including earnings attributable to redeemable and noncontrolling interests, as reported	\$ 2,346.0
Restructuring charges, net of tax (a)	137.2
Mark-to-market effects, net of tax (b)	(106.9)
Investment activity, net, net of tax (c)	(60.8)
Divestiture loss, net of tax (d)	53.1
Tax item (e)	11.2
Transaction costs, net of tax (f)	7.2
Non-income tax gain, net of tax (g)	(5.8)
Product recall adjustment, net, net of tax (h)	(3.1)
CPW restructuring charges, net of tax (i)	1.9
Adjusted net earnings, including earnings attributable to redeemable and noncontrolling interests	\$ 2,380.1
<hr/>	
Net cash provided by operating activities	2,983.2
Purchases of land, buildings, and equipment	(530.8)
Free cash flow	\$ 2,452.4
<hr/>	
Net cash provided by operating activities conversion rate	127%
Free cash flow conversion rate	103%

Note: Table may not foot due rounding.

- (a) Restructuring charges related to actions designed to better align our organizational structure and resources with strategic initiatives, Asia & Latin America route-to-market and supply chain optimization actions, and previously announced restructuring actions. Please see Note 4 to the Consolidated Financial Statements in Item 8 of this report.
- (b) Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items. Please see Note 8 to the Consolidated Financial Statements in Item 8 of this report.
- (c) Valuation adjustments and the gain on sale of certain corporate investments.
- (d) Divestiture loss from the sale of our Laticínios Carolina business in Brazil. Please see Note 3 to the Consolidated Financial Statements in Item 8 of this report.
- (e) Tax item related to amendments to reorganize certain U.S. retiree health and welfare benefit plans.
- (f) Transaction costs related to our non-binding memorandum of understanding to sell our 51 percent controlling interest in our European Yoplait business and our planned acquisition of Tyson Foods' pet treats business.
- (g) Gain related to Brazil indirect tax item.
- (h) Net product recall adjustment related to our international Green Giant business.
- (i) CPW restructuring charges related to previously announced restructuring actions.

See our reconciliation below of the effective income tax rate as reported to the adjusted effective income tax rate for the tax impact of each item affecting comparability.

### Net Debt-to-Adjusted Earnings before Net Interest, Income Taxes, Depreciation and Amortization (EBITDA) Ratio

We believe that this measure provides useful information to investors because it is an indicator of our ability to incur additional debt and to service our existing debt.

The reconciliation of adjusted EBITDA to net earnings, including earnings attributable to redeemable and noncontrolling interests, its GAAP equivalent, as well as the calculation of the net debt-to-adjusted EBITDA ratio are as follows:

In Millions	Fiscal Year	
	2021	2020
Total debt (a)	\$ 12,612.0	\$ 13,539.5
Cash	1,505.2	1,677.8
Net debt	\$ 11,106.8	\$ 11,861.7
Net earnings, including earnings attributable to redeemable and noncontrolling interests, as reported	\$ 2,346.0	\$ 2,210.8
Income taxes	629.1	480.5
Interest, net	420.3	466.5
Depreciation and amortization	601.3	594.7
EBITDA	3,996.8	3,752.5
After-tax earnings from joint ventures	(117.7)	(91.1)
Restructuring charges (b)	172.7	50.2
Project-related costs (b)	-	1.5
Mark-to-market effects (c)	(138.8)	24.7
Investment activity, net (d)	(76.4)	8.4
Divestiture loss (e)	53.5	-
Transaction costs (f)	9.5	-
Non-income tax gain (g)	(8.8)	-
Product recall adjustment, net (h)	(3.5)	19.3
Adjusted EBITDA	\$ 3,887.4	\$ 3,765.6
Net debt-to-adjusted EBITDA ratio	2.9	3.2

Note: Table may not foot due to rounding.

- (a) Notes payable and long-term debt, including current portion.
- (b) Restructuring charges related to actions designed to better align our organizational structure and resources with strategic initiatives, Asia & Latin America route-to-market and supply chain optimization actions, and previously announced restructuring actions in fiscal 2021. Restructuring and project-related charges for previously announced restructuring actions in fiscal 2020. Please see Note 4 to the Consolidated Financial Statements in Item 8 of this report.
- (c) Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items. Please see Note 8 to the Consolidated Financial Statements in Item 8 of this report.
- (d) Valuation adjustments and the gain on sale of certain corporate investments in fiscal 2021. Valuation adjustments and the loss on sale of certain corporate investments in fiscal 2020.
- (e) Divestiture loss from the sale of our Laticínios Carolina business in Brazil. Please see Note 3 to the Consolidated Financial Statements in Item 8 of this report.
- (f) Transaction costs related to our non-binding memorandum of understanding to sell our 51 percent controlling interest in our European Yoplait business and our planned acquisition of Tyson Foods' pet treats business.
- (g) Gain related to Brazil indirect tax item.
- (h) Net product recall adjustment related to our international Green Giant business in fiscal 2021. Product recall costs related to our international Green Giant business in fiscal 2020.

**Adjusted Operating Profit as a Percent of Net Sales (Adjusted Operating Profit Margin)**

We believe this measure provides useful information to investors because it is important for assessing our operating profit margin on a comparable year-to-year basis.

Our adjusted operating profit margins are calculated as follows:

Percent of Net Sales	Fiscal Year					
	2021		2020			
Operating profit as reported	\$	3,144.8	17.3 %	\$	2,953.9	16.8 %
Restructuring charges (a)		172.7	1.0 %		50.2	0.3 %
Project-related costs (a)		-	- %		1.5	- %
Mark-to-market effects (b)		(138.8)	(0.8) %		24.7	0.1 %
Investment activity, net (c)		(76.4)	(0.4) %		8.4	- %
Divestiture loss (d)		53.5	0.3 %		-	- %
Transaction costs (e)		9.5	0.1 %		-	- %
Non-income tax gain (f)		(8.8)	- %		-	- %
Product recall adjustment, net (g)		(3.5)	- %		19.3	0.1 %
Adjusted operating profit	\$	3,153.2	17.4 %	\$	3,058.0	17.3 %

Note: Table may not foot due to rounding.

- (a) Restructuring charges related to actions designed to better align our organizational structure and resources with strategic initiatives, Asia & Latin America route-to-market and supply chain optimization actions, and previously announced restructuring actions in fiscal 2021. Restructuring and project-related charges for previously announced restructuring actions in fiscal 2020. Please see Note 4 to the Consolidated Financial Statements in Item 8 of this report.
- (b) Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items. Please see Note 8 to the Consolidated Financial Statements in Item 8 of this report.
- (c) Valuation adjustments and the gain on sale of certain corporate investments in fiscal 2021. Valuation adjustments and the loss on sale of certain corporate investments in fiscal 2020.
- (d) Divestiture loss from the sale of our Laticínios Carolina business in Brazil. Please see Note 3 to the Consolidated Financial Statements in Item 8 of this report.
- (e) Transaction costs related to our non-binding memorandum of understanding to sell our 51 percent controlling interest in our European Yoplait business and our planned acquisition of Tyson Foods' pet treats business.
- (f) Gain related to Brazil indirect tax item.
- (g) Net product recall adjustment related to our international Green Giant business in fiscal 2021. Product recall costs related to our international Green Giant business in fiscal 2020.

### Adjusted Effective Income Tax Rates

We believe this measure provides useful information to investors because it presents the adjusted effective income tax rate on a comparable year-to-year basis.

Adjusted effective income tax rates are calculated as follows:

In Millions (Except Per Share Data)	Fiscal Year Ended			
	2021		2020	
	Pretax Earnings (a)	Income Taxes	Pretax Earnings (a)	Income Taxes
As reported	\$2,857.4	\$629.1	\$2,600.2	\$480.5
Restructuring charges (b)	172.7	35.5	50.2	11.2
Project-related costs (b)	-	-	1.5	0.3
Mark-to-market effects (c)	(138.8)	(31.9)	24.7	5.7
Investment activity, net (d)	(76.4)	(15.6)	8.4	5.4
Divestiture loss (e)	53.5	0.4	-	-
Tax items (f)	-	(11.2)	-	53.1
Transaction costs (g)	9.5	2.3	-	-
Non-income tax gain (h)	(8.8)	(3.0)	-	-
Product recall adjustment, net (i)	(3.5)	(0.4)	19.3	2.2
<b>As adjusted</b>	<b>\$2,865.7</b>	<b>\$605.2</b>	<b>\$2,704.3</b>	<b>\$558.5</b>
Effective tax rate:				
As reported		22.0%		18.5%
As adjusted		21.1%		20.7%
Sum of adjustments to income taxes		(\$24.0)		\$78.0
Average number of common shares - diluted EPS		619.1		613.3
Impact of income tax adjustments on adjusted diluted EPS		\$0.04		\$(0.13)

Note: Table may not foot due to rounding.

- (a) Earnings before income taxes and after-tax earnings from joint ventures.
- (b) Restructuring charges related to actions designed to better align our organizational structure and resources with strategic initiatives, Asia & Latin America route-to-market and supply chain optimization actions, and previously announced restructuring actions in fiscal 2021. Restructuring and project-related charges for previously announced restructuring actions in fiscal 2020. Please see Note 4 to the Consolidated Financial Statements in Item 8 of this report.
- (c) Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items. Please see Note 8 to the Consolidated Financial Statements in Item 8 of this report.
- (d) Valuation adjustments and the gain on sale of certain corporate investments in fiscal 2021. Valuation adjustments and the loss on sale of certain corporate investments in fiscal 2020.
- (e) Divestiture loss from the sale of our Laticínios Carolina business in Brazil. Please see Note 3 to the Consolidated Financial Statements in Item 8 of this report.
- (f) Tax item related to amendments to reorganize certain U.S. retiree health and welfare benefit plans in fiscal 2021. Discrete tax benefit related to the reorganization of certain wholly owned subsidiaries in fiscal 2020. Please see Note 15 to the Consolidated Financial Statements in Item 8 of this report.
- (g) Transaction costs related to our non-binding memorandum of understanding to sell our 51 percent controlling interest in our European Yoplait business and our planned acquisition of Tyson Foods' pet treats business.
- (h) Gain related to Brazil indirect tax item.
- (i) Net product recall adjustment related to our international Green Giant business in fiscal 2021. Product recall costs related to our international Green Giant business in fiscal 2020.

### **Constant-currency After-Tax Earnings from Joint Ventures Growth Rate**

We believe that this measure provides useful information to investors because it provides transparency to underlying performance of our joint ventures by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability given volatility in foreign currency exchange markets.

After-tax earnings from joint ventures growth rate on a constant-currency basis are calculated as follows:

	<b>Fiscal 2021</b>	
Percentage change in after-tax earnings from joint ventures as reported	<b>29</b>	<b>%</b>
Impact of foreign currency exchange	<b>3</b>	<b>pts</b>
Percentage change in after-tax earnings from joint ventures on a constant-currency basis	<b>26</b>	<b>%</b>

Note: Table may not foot due to rounding.

### **Net Sales Growth Rate for Canada Operating Unit on a Constant-currency Basis**

We believe this measure of our Canada operating unit net sales provides useful information to investors because it provides transparency to the underlying performance for the Canada operating unit within our North America Retail segment by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability given volatility in foreign currency exchange markets.

Net sales growth rate for our Canada operating unit on a constant-currency basis is calculated as follows:

	<b>Fiscal 2021</b>	
Percentage change in net sales as reported	<b>6</b>	<b>%</b>
Impact of foreign currency exchange	<b>4</b>	<b>pts</b>
Percentage change in net sales on a constant-currency basis	<b>3</b>	<b>%</b>

Note: Table may not foot due to rounding.

### **Constant-currency Segment Operating Profit Growth Rates**

We believe that this measure provides useful information to investors because it provides transparency to underlying performance of our segments by excluding the effect that foreign currency exchange rate fluctuations have on year-to-year comparability given volatility in foreign currency exchange markets.

Our segments' operating profit growth rates on a constant-currency basis are calculated as follows:

	<b>Percentage Change in Operating Profit as Reported</b>		<b>Fiscal 2021 Impact of Foreign Currency Exchange</b>		<b>Percentage Change in Operating Profit on Constant-Currency Basis</b>	
North America Retail	Flat		Flat		Flat	
Europe & Australia	33	%	9	pts	24	%
Pet	6	%	Flat		6	%

Note: Table may not foot due to rounding.

### **Forward-Looking Financial Measures**

Our fiscal 2022 outlook for organic net sales growth, constant-currency adjusted operating profit, adjusted diluted EPS, and free cash flow are non-GAAP financial measures that exclude, or have otherwise been adjusted for, items impacting comparability, including the effect of foreign currency exchange rate fluctuations, restructuring charges and project-related costs, acquisition transaction and integration costs, acquisitions, divestitures, and mark-to-market effects. We are not able to reconcile these forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures without unreasonable efforts because we are unable to predict with a reasonable degree of certainty the actual impact of changes in foreign currency exchange rates and commodity prices or the timing or impact of acquisitions, divestitures, and restructuring actions throughout fiscal 2022. The unavailable information could have a significant impact on our fiscal 2022 GAAP financial results.

For fiscal 2022, we currently expect: foreign currency exchange rates (based on a blend of forward and forecasted rates and hedge positions) and divestitures completed prior to fiscal 2022 to have an immaterial impact on net sales growth; foreign currency exchange rates to have an immaterial impact on adjusted operating profit and adjusted diluted EPS growth; and restructuring charges and project-related costs related to actions previously announced to total approximately \$10 million to \$60 million. Our fiscal 2022 guidance does not incorporate the potential impacts of any acquisitions and divestitures that have not yet been completed.



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

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

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

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

Our future results could be affected by a variety of factors, such as: the impact of the COVID-19 pandemic on our business, suppliers, consumers, customers, and employees; disruptions or inefficiencies in the supply chain, including any impact of the COVID-19 pandemic; competitive dynamics in the consumer foods industry and the markets for our products, including new product introductions, advertising activities, pricing actions, and promotional activities of our competitors; economic conditions, including changes in inflation rates, interest rates, tax rates, or the availability of capital; product development and innovation; consumer acceptance of new products and product improvements; consumer reaction to pricing actions and changes in promotion levels; acquisitions or dispositions of businesses or assets, changes in capital structure; changes in the legal and regulatory environment, including tax legislation, labeling and advertising regulations, and litigation; impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets, or changes in the useful lives of other intangible assets; changes in accounting standards and the impact of significant accounting estimates; product quality and safety issues, including recalls and product liability; changes in consumer demand for our products; effectiveness of advertising, marketing, and promotional programs; changes in consumer behavior, trends, and preferences, including weight loss trends; consumer perception of health-related issues, including obesity; consolidation in the retail environment; changes in purchasing and inventory levels of significant customers; fluctuations in the cost and availability of supply chain resources, including raw materials, packaging, energy, and transportation; effectiveness of restructuring and cost saving initiatives; volatility in the market value of derivatives used to manage price risk for certain commodities; benefit plan expenses due to changes in plan asset values and discount rates used to determine plan liabilities; failure or breach of our information technology systems; foreign economic conditions, including currency rate fluctuations; and political unrest in foreign markets and economic uncertainty due to terrorism or war.

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

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

### **ITEM 7A - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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

#### **VALUE AT RISK**

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

The VAR calculation used historical interest and foreign exchange rates, and commodity and equity prices from the past year to estimate the potential volatility and correlation of these rates in the future. The market data were drawn from the RiskMetrics™ data set. The calculations are not intended to represent actual losses in fair value that we expect to incur. Further, since the hedging instrument (the derivative) inversely correlates with the underlying exposure, we would expect that any loss or gain in the fair value of

our derivatives would be generally offset by an increase or decrease in the fair value of the underlying exposure. The positions included in the calculations were: debt; investments; interest rate swaps; foreign exchange forwards; commodity swaps, futures, and options; and equity instruments. The calculations do not include the underlying foreign exchange and commodities or equity-related positions that are offset by these market-risk-sensitive instruments.

The table below presents the estimated maximum potential VAR arising from a one-day loss in fair value for our interest rate, foreign currency, commodity, and equity market-risk-sensitive instruments outstanding as of May 30, 2021.

<b>In Millions</b>	<b>May 30, 2021</b>	<b>Average During Fiscal 2021</b>	<b>May 31, 2020</b>
Interest rate instruments	\$ 37.4	\$ 64.1	\$ 78.8
Foreign currency instruments	25.6	26.7	19.3
Commodity instruments	4.2	4.5	2.6
Equity instruments	2.8	4.3	5.0

## ITEM 8 - Financial Statements and Supplementary Data

### REPORT OF MANAGEMENT RESPONSIBILITIES

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

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

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

The Audit Committee reviewed and approved the Company's annual financial statements. The Audit Committee recommended, and the Board of Directors approved, that the consolidated financial statements be included in the Annual Report. The Audit Committee also appointed KPMG LLP to serve as the Company's independent registered public accounting firm for fiscal 2022.

/s/ J. L. Harmening

/s/ K. A. Bruce

J. L. Harmening  
Chief Executive Officer

K. A. Bruce  
Chief Financial Officer

June 30, 2021

## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors  
General Mills, Inc.:

### *Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting*

We have audited the accompanying consolidated balance sheets of General Mills, Inc. and subsidiaries (the Company) as of May 30, 2021 and May 31, 2020, the related consolidated statements of earnings, comprehensive income, total equity and redeemable interest, and cash flows for each of the years in the three-year period ended May 30, 2021, and the related notes and financial statement schedule II (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of May 30, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of May 30, 2021 and May 31, 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended May 30, 2021, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 30, 2021 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

### *Change in Accounting Principle*

As discussed in note 2 to the consolidated financial statements, the Company has changed its method of accounting for leases as of May 27, 2019 due to the adoption of Accounting Standards Update 2016-02, Leases (Topic 842), and related amendments.

### *Basis for Opinions*

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### *Definition and Limitations of Internal Control Over Financial Reporting*

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

prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Valuation of goodwill and brand intangible assets*

As discussed in Note 6 to the consolidated financial statements, the goodwill and brands and other indefinite-lived intangibles balances as of May 30, 2021 were \$14,062.4 million and \$6,628.1 million, respectively. The impairment tests for these assets, which are performed annually and whenever events or changes in circumstances indicate that impairment may have occurred, require the Company to estimate the fair value of the reporting units to which goodwill is assigned as well as the brands and other indefinite-lived intangible assets. The fair value estimates are derived from discounted cash flow analyses that require the Company to make judgments about highly subjective matters, including future operating results, including revenue growth rates and operating margins, and an estimate of the discount rates and royalty rates.

We identified the assessment of the valuation of certain goodwill and brand intangible assets as a critical audit matter. There was a significant degree of judgment required in evaluating audit evidence, which consists primarily of forward-looking assumptions about future operating results, specifically the revenue growth rates and operating margins, royalty rates and subjective inputs used to estimate the discount rates.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of internal controls related to the valuation of goodwill and brand intangible assets. This included controls related to the assumptions about future operating results and the discount and royalty rates used to measure the reporting units and brands intangible fair values. We performed sensitivity analyses over the revenue growth rates, operating margins, brand royalty rates and discount rates to assess the impact of other points within a range of potential assumptions. We evaluated the revenue growth rates and operating margin assumptions by comparing them to recent financial performance and external market and industry data. We evaluated whether these assumptions were consistent with evidence obtained in other areas of the audit. We involved professionals with specialized skills and knowledge, who assisted in the evaluation of the Company's discount rates and royalty rates by comparing them against rate ranges that were independently developed using publicly available market data for comparable entities.

/s/ KPMG LLP

We have served as the Company's auditor since 1928.

Minneapolis, Minnesota  
June 30, 2021

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

	Fiscal Year		
	2021	2020	2019
Net sales	\$ 18,127.0	\$ 17,626.6	\$ 16,865.2
Cost of sales	11,678.7	11,496.7	11,108.4
Selling, general, and administrative expenses	3,079.6	3,151.6	2,935.8
Divestitures loss	53.5	-	30.0
Restructuring, impairment, and other exit costs	170.4	24.4	275.1
Operating profit	3,144.8	2,953.9	2,515.9
Benefit plan non-service income	(132.9)	(112.8)	(87.9)
Interest, net	420.3	466.5	521.8
Earnings before income taxes and after-tax earnings from joint ventures	2,857.4	2,600.2	2,082.0
Income taxes	629.1	480.5	367.8
After-tax earnings from joint ventures	117.7	91.1	72.0
Net earnings, including earnings attributable to redeemable and noncontrolling interests	2,346.0	2,210.8	1,786.2
Net earnings attributable to redeemable and noncontrolling interests	6.2	29.6	33.5
Net earnings attributable to General Mills	\$ 2,339.8	\$ 2,181.2	\$ 1,752.7
Earnings per share — basic	\$ 3.81	\$ 3.59	\$ 2.92
Earnings per share — diluted	\$ 3.78	\$ 3.56	\$ 2.90
Dividends per share	\$ 2.02	\$ 1.96	\$ 1.96

See accompanying notes to consolidated financial statements.

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

	2021	Fiscal Year		2019
		2020		
Net earnings, including earnings attributable to redeemable and noncontrolling interests	\$ 2,346.0	\$ 2,210.8	\$	1,786.2
Other comprehensive income (loss), net of tax:				
Foreign currency translation	175.1	(169.1)		(82.8)
Net actuarial income (loss)	353.4	(224.6)		(253.4)
Other fair value changes:				
Hedge derivatives	(20.7)	3.2		12.1
Reclassification to earnings:				
Securities	-	-		(2.0)
Hedge derivatives	13.5	4.1		0.9
Amortization of losses and prior service costs	78.9	77.9		84.6
Other comprehensive income (loss), net of tax	600.2	(308.5)		(240.6)
Total comprehensive income	2,946.2	1,902.3		1,545.6
Comprehensive income (loss) attributable to redeemable and noncontrolling interests	121.2	10.1		(10.7)
Comprehensive income attributable to General Mills	<u>\$ 2,825.0</u>	<u>\$ 1,892.2</u>	<u>\$</u>	<u>1,556.3</u>

See accompanying notes to consolidated financial statements.

**Consolidated Balance Sheets**  
**GENERAL MILLS, INC. AND SUBSIDIARIES**  
(In Millions, Except Par Value)

	May 30, 2021	May 31, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,505.2	\$ 1,677.8
Receivables	1,638.5	1,615.1
Inventories	1,820.5	1,426.3
Prepaid expenses and other current assets	790.3	402.1
Total current assets	5,754.5	5,121.3
Land, buildings, and equipment	3,606.8	3,580.6
Goodwill	14,062.4	13,923.2
Other intangible assets	7,150.6	7,095.8
Other assets	1,267.6	1,085.8
Total assets	<u>\$ 31,841.9</u>	<u>\$ 30,806.7</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 3,653.5	\$ 3,247.7
Current portion of long-term debt	2,463.8	2,331.5
Notes payable	361.3	279.0
Other current liabilities	1,787.2	1,633.3
Total current liabilities	8,265.8	7,491.5
Long-term debt	9,786.9	10,929.0
Deferred income taxes	2,118.4	1,947.1
Other liabilities	1,292.7	1,545.0
Total liabilities	21,463.8	21,912.6
Redeemable interest	604.9	544.6
Stockholders' equity:		
Common stock, 754.6 shares issued, \$0.10 par value	75.5	75.5
Additional paid-in capital	1,365.5	1,348.6
Retained earnings	17,069.8	15,982.1
Common stock in treasury, at cost, shares of 146.9 and 144.8	(6,611.2)	(6,433.3)
Accumulated other comprehensive loss	(2,429.2)	(2,914.4)
Total stockholders' equity	9,470.4	8,058.5
Noncontrolling interests	302.8	291.0
Total equity	9,773.2	8,349.5
Total liabilities and equity	<u>\$ 31,841.9</u>	<u>\$ 30,806.7</u>

See accompanying notes to consolidated financial statements.



**Consolidated Statements of Total Equity and Redeemable Interest**  
GENERAL MILLS, INC. AND SUBSIDIARIES  
(In Millions, Except per Share Data)

	2021		Fiscal Year 2020		2019	
	Shares	Amount	Shares	Amount	Shares	Amount
Total equity, beginning balance		\$ 8,349.5		\$ 7,367.7		\$ 6,492.4
Common stock, 1 billion shares authorized, \$0.10 par value	754.6	75.5	754.6	75.5	754.6	75.5
Additional paid-in capital:						
Beginning balance		1,348.6		1,386.7		1,202.5
Stock compensation plans		6.2		(12.1)		(96.4)
Unearned compensation related to stock unit awards		(78.0)		(85.7)		(71.3)
Earned compensation		88.5		92.8		82.8
Decrease (increase) in redemption value of						
redeemable interest		0.2		(33.1)		269.1
Ending balance		1,365.5		1,348.6		1,386.7
Retained earnings:						
Beginning balance		15,982.1		14,996.7		14,459.6
Comprehensive income		2,339.8		2,181.2		1,752.7
Cash dividends declared (\$2.02, \$1.96, and \$1.96 per share)		(1,246.4)		(1,195.8)		(1,181.7)
Adoption of revenue recognition accounting requirements		-		-		(33.9)
Adoption of current expected credit loss						
accounting requirements		(5.7)		-		-
Ending balance		17,069.8		15,982.1		14,996.7
Common stock in treasury:						
Beginning balance	(144.8)	(6,433.3)	(152.7)	(6,779.0)	(161.5)	(7,167.5)
Shares purchased	(5.0)	(301.4)	(0.1)	(3.4)	-	(1.1)
Stock compensation plans	2.9	123.5	8.0	349.1	8.8	389.6
Ending balance	(146.9)	(6,611.2)	(144.8)	(6,433.3)	(152.7)	(6,779.0)
Accumulated other comprehensive loss:						
Beginning balance		(2,914.4)		(2,625.4)		(2,429.0)
Comprehensive income (loss)		485.2		(289.0)		(196.4)
Ending balance		(2,429.2)		(2,914.4)		(2,625.4)
Noncontrolling interests:						
Beginning balance		291.0		313.2		351.3
Comprehensive income		38.0		10.3		0.4
Distributions to noncontrolling interest holders		(26.2)		(32.5)		(38.5)
Ending balance		302.8		291.0		313.2
Total equity, ending balance		\$ 9,773.2		\$ 8,349.5		\$ 7,367.7
Redeemable interest:						
Beginning balance		\$ 544.6		\$ 551.7		\$ 776.2
Comprehensive income (loss)		83.2		(0.2)		(11.1)
Increase in investment in redeemable interest		-		-		55.7
(Decrease) increase in redemption value of						
redeemable interest		(0.2)		33.1		(269.1)
Distributions to redeemable interest holder		(22.7)		(40.0)		-
Ending balance		\$ 604.9		\$ 544.6		\$ 551.7

See accompanying notes to consolidated financial statements.

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

	2021	Fiscal Year 2020	2019
<b>Cash Flows - Operating Activities</b>			
Net earnings, including earnings attributable to redeemable and noncontrolling interests	\$ 2,346.0	\$ 2,210.8	\$ 1,786.2
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	601.3	594.7	620.1
After-tax earnings from joint ventures	(117.7)	(91.1)	(72.0)
Distributions of earnings from joint ventures	95.2	76.5	86.7
Stock-based compensation	89.9	94.9	84.9
Deferred income taxes	118.8	(29.6)	93.5
Pension and other postretirement benefit plan contributions	(33.4)	(31.1)	(28.8)
Pension and other postretirement benefit plan costs	(33.6)	(32.3)	6.1
Divestitures loss	53.5	-	30.0
Restructuring, impairment, and other exit costs	150.9	43.6	235.7
Changes in current assets and liabilities, excluding the effects of divestitures	(155.9)	793.9	(7.5)
Other, net	(131.8)	45.9	(27.9)
Net cash provided by operating activities	<b>2,983.2</b>	<b>3,676.2</b>	<b>2,807.0</b>
<b>Cash Flows - Investing Activities</b>			
Purchases of land, buildings, and equipment	(530.8)	(460.8)	(537.6)
Investments in affiliates, net	15.5	(48.0)	0.1
Proceeds from disposal of land, buildings, and equipment	2.7	1.7	14.3
Proceeds from divestitures	2.9	-	26.4
Other, net	(3.1)	20.9	(59.7)
Net cash used by investing activities	<b>(512.8)</b>	<b>(486.2)</b>	<b>(556.5)</b>
<b>Cash Flows - Financing Activities</b>			
Change in notes payable	71.7	(1,158.6)	(66.3)
Issuance of long-term debt	1,576.5	1,638.1	339.1
Payment of long-term debt	(2,609.0)	(1,396.7)	(1,493.8)
Debt exchange participation incentive cash payment	(201.4)	-	-
Proceeds from common stock issued on exercised options	74.3	263.4	241.4
Purchases of common stock for treasury	(301.4)	(3.4)	(1.1)
Dividends paid	(1,246.4)	(1,195.8)	(1,181.7)
Investments in redeemable interest	-	-	55.7
Distributions to noncontrolling and redeemable interest holders	(48.9)	(72.5)	(38.5)
Other, net	(30.9)	(16.0)	(31.2)
Net cash used by financing activities	<b>(2,715.5)</b>	<b>(1,941.5)</b>	<b>(2,176.4)</b>
Effect of exchange rate changes on cash and cash equivalents	72.5	(20.7)	(23.1)
(Decrease) increase in cash and cash equivalents	(172.6)	1,227.8	51.0
Cash and cash equivalents - beginning of year	1,677.8	450.0	399.0
Cash and cash equivalents - end of year	<b>\$ 1,505.2</b>	<b>\$ 1,677.8</b>	<b>\$ 450.0</b>
Cash flow from changes in current assets and liabilities, excluding the effects of			
divestitures:			
Receivables	\$ 27.9	\$ 37.9	\$ (42.7)
Inventories	(354.7)	103.1	53.7
Prepaid expenses and other current assets	(42.7)	94.2	(114.3)
Accounts payable	343.1	392.5	162.4
Other current liabilities	(129.5)	166.2	(66.6)
Changes in current assets and liabilities	<b>\$ (155.9)</b>	<b>\$ 793.9</b>	<b>\$ (7.5)</b>

See accompanying notes to consolidated financial statements.

**Notes to Consolidated Financial Statements**  
GENERAL MILLS, INC. AND SUBSIDIARIES

**NOTE 1. BASIS OF PRESENTATION AND RECLASSIFICATIONS**

***Basis of Presentation***

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

Our fiscal year ends on the last Sunday in May. Fiscal years 2021 and 2019 consisted of 52 weeks, while fiscal year 2020 consisted of 53 weeks.

Certain reclassifications to our previously reported financial information have been made to conform to the current period presentation. See Note 2 for additional information.

***Change in Reporting Period***

As part of a long-term plan to conform the fiscal year ends of all our operations, in fiscal 2020 we changed the reporting period of our Pet segment from an April fiscal year-end to a May fiscal year-end to match our fiscal calendar. Accordingly, our fiscal 2020 results include 13 months of Pet segment results compared to 12 months in fiscal 2021 and 2019. The impact of this change was not material to our consolidated results of operations and, therefore, we did not restate prior period financial statements for comparability. Our India business is on an April fiscal year end.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Cash and Cash Equivalents***

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

***Inventories***

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

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

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

***Land, Buildings, Equipment, and Depreciation***

Land is recorded at historical cost. Buildings and equipment, including capitalized interest and internal engineering costs, are recorded at cost and depreciated over estimated useful lives, primarily using the straight-line method. Ordinary maintenance and repairs are charged to cost of sales. Buildings are usually depreciated over 40 years, and equipment, furniture, and software are usually depreciated over 3 to 10 years. Fully depreciated assets are retained in buildings and equipment until disposal. When an item is sold or retired, the accounts are relieved of its cost and related accumulated depreciation and the resulting gains and losses, if any, are recognized in earnings. As of May 30, 2021, assets held for sale were insignificant.

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

***Goodwill and Other Intangible Assets***

Goodwill is not subject to amortization and is tested for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. We perform our annual goodwill and indefinite-lived intangible assets impairment test as of the first day of the second quarter of the fiscal year. Impairment testing is performed for each of our reporting units. We compare the carrying value of a reporting unit, including goodwill, to the fair value of the unit. Carrying value is based on the assets and liabilities associated with the operations of that reporting unit, which often requires allocation of shared or corporate items among reporting units. If the carrying amount of a reporting unit exceeds its fair value, impairment has occurred. We recognize an

impairment charge for the amount by which the carrying amount of the reporting unit exceeds its fair value up to the total amount of goodwill allocated to the reporting unit. Our estimates of fair value are determined based on a discounted cash flow model. Growth rates for sales and profits are determined using inputs from our long-range planning process. We also make estimates of discount rates, perpetuity growth assumptions, market comparables, and other factors.

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

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

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

#### **Leases**

We determine whether an arrangement is a lease at inception. When our lease arrangements include lease and non-lease components, we account for lease and non-lease components (e.g. common area maintenance) separately based on their relative standalone prices.

Any lease arrangements with an initial term of 12 months or less are not recorded on our Consolidated Balance Sheet, and we recognize lease costs for these lease arrangements on a straight-line basis over the lease term. Many of our lease arrangements provide us with options to exercise one or more renewal terms or to terminate the lease arrangement. We include these options when we are reasonably certain to exercise them in the lease term used to establish our right of use assets and lease liabilities. Generally, our lease agreements do not include an option to purchase the leased asset, residual value guarantees, or material restrictive covenants.

We have certain lease arrangements with variable rental payments. Our lease arrangements for our Häagen-Dazs retail shops often include rental payments that are based on a percentage of retail sales. We have other lease arrangements that are adjusted periodically based on an inflation index or rate. The future variability of these payments and adjustments are unknown, and therefore they are not included as minimum lease payments used to determine our right of use assets and lease liabilities. Variable rental payments are recognized in the period in which the obligation is incurred.

As most of our lease arrangements do not provide an implicit interest rate, we apply an incremental borrowing rate based on the information available at the commencement date of the lease arrangement to determine the present value of lease payments.

#### **Investments in Unconsolidated Joint Ventures**

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

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

**Redeemable Interest**

We have a 51 percent controlling interest in Yoplait SAS, a consolidated entity. Sodiaal International (Sodiaal) holds the remaining 49 percent interest in Yoplait SAS. Sodiaal has the ability to put all or a portion of its redeemable interest to us at fair value once per year, up to three times before December 2024. This put option requires us to classify Sodiaal's interest as a redeemable interest outside of equity on our Consolidated Balance Sheets for as long as the put is exercisable by Sodiaal. When the put is no longer exercisable, the redeemable interest will be reclassified to noncontrolling interests on our Consolidated Balance Sheets. We adjust the value of the redeemable interest through additional paid-in capital on our Consolidated Balance Sheets quarterly to the redeemable interest's redemption value, which approximates its fair value. The significant assumptions used to estimate the redemption value include projected revenue growth and profitability from our long-range plan, capital spending, depreciation, taxes, foreign currency exchange rates, and a discount rate.

**Revenue Recognition**

Our revenues primarily result from contracts with customers, which are generally short-term and have a single performance obligation – the delivery of product. We recognize revenue for the sale of packaged foods at the point in time when our performance obligation has been satisfied and control of the product has transferred to our customer, which generally occurs when the shipment is accepted by our customer. Sales include shipping and handling charges billed to the customer and are reported net of variable consideration and consideration payable to our customers, including trade promotion, consumer coupon redemption and other reductions to the transaction price, including estimated allowances for returns, unsalable product, and prompt pay discounts. Sales, use, value-added, and other excise taxes are not included in revenue. Trade promotions are recorded using significant judgment of estimated participation and performance levels for offered programs at the time of sale. Differences between estimated and actual reductions to the transaction price are recognized as a change in estimate in a subsequent period. We generally do not allow a right of return. However, on a limited case-by-case basis with prior approval, we may allow customers to return product. In limited circumstances, product returned in saleable condition is resold to other customers or outlets. Receivables from customers generally do not bear interest. Payment terms and collection patterns vary around the world and by channel, and are short-term, and as such, we do not have any significant financing components. Our allowance for doubtful accounts represents our estimate of expected credit losses related to our trade receivables. We pool our trade receivables based on similar risk characteristics, such as geographic location, business channel, and other account data. To estimate our allowance for doubtful accounts, we leverage information on historical losses, asset-specific risk characteristics, current conditions, and reasonable and supportable forecasts of future conditions. Account balances are written off against the allowance when we deem the amount is uncollectible. Please see Note 17 for a disaggregation of our revenue into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. We do not have material contract assets or liabilities arising from our contracts with customers.

**Environmental Costs**

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

**Advertising Production Costs**

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

**Research and Development**

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

**Foreign Currency Translation**

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

**Derivative Instruments**

All derivatives are recognized on our Consolidated Balance Sheets at fair value based on quoted market prices or our estimate of their fair value, and are recorded in either current or noncurrent assets or liabilities based on their maturity. Changes in the fair values of derivatives are recorded in net earnings or other comprehensive income, based on whether the instrument is designated and effective as a hedge transaction and, if so, the type of hedge transaction. Gains or losses on derivative instruments reported in AOCI are

reclassified to earnings in the period the hedged item affects earnings. If the underlying hedged transaction ceases to exist, any associated amounts reported in AOCI are reclassified to earnings at that time.

### ***Stock-based Compensation***

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

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

We report the benefits of tax deductions in excess of recognized compensation cost as an operating cash flow.

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

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

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

### ***Use of Estimates***

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

### ***New Accounting Standards***

In the first quarter of fiscal 2021, we adopted new accounting requirements related to the measurement of credit losses on financial instruments, including trade receivables. The new standard and subsequent amendments replace the incurred loss impairment model with a forward-looking expected credit loss model, which will generally result in earlier recognition of credit losses. Our allowance for doubtful accounts represents our estimate of expected credit losses related to our trade receivables. We pool our trade receivables based on similar risk characteristics, such as geographic location, business channel, and other account data. To estimate our allowance for doubtful accounts, we leverage information on historical losses, asset-specific risk characteristics, current conditions, and reasonable and supportable forecasts of future conditions. Account balances are written off against the allowance when we deem the amount is uncollectible. We adopted the requirements of the new standard and subsequent amendments using the modified retrospective transition approach, and recorded a decrease to retained earnings of \$5.7 million after-tax.

In the fourth quarter of fiscal 2020, we adopted new accounting requirements related to the annual disclosure requirements for defined benefit pension and other postretirement benefit plans. The standard modifies specific disclosures to improve usefulness to financial statement users. We adopted the requirements of the new standard using a retrospective approach. The adoption of this guidance did not impact our results of operations or financial position.

In the first quarter of fiscal 2020, we adopted new accounting requirements for hedge accounting. The standard amends the hedge accounting recognition and presentation requirements to better align an entity's risk management activities and financial reporting. The new standard also simplifies the application of hedge accounting guidance. The adoption did not have a material impact on our results of operations or financial position.

In the first quarter of fiscal 2020, we adopted new requirements for the accounting, presentation, and classification of leases. This results in certain leases being capitalized as a right of use asset with a related liability on our Consolidated Balance Sheet. We adopted this guidance utilizing the cumulative effect adjustment approach, which required application of the guidance at the adoption date, and elected certain practical expedients permitted under the transition guidance, including not reassessing whether existing contracts

contain leases and carrying forward the historical classification of those leases. In addition, we elected not to recognize leases with an initial term of 12 months or less on our Consolidated Balance Sheet and to continue our historical treatment of land easements, under permitted elections. This guidance did not have a material impact on retained earnings, our Consolidated Statements of Earnings, or our Consolidated Statements of Cash Flows.

In the first quarter of fiscal 2019, we adopted new accounting requirements related to the presentation of net periodic defined benefit pension expense, net periodic postretirement benefit expense, and net periodic postemployment benefit expense (collectively “net periodic benefit expense”). The new standard requires the service cost component of net periodic benefit expense to be recorded in the same line items as other employee compensation costs within our Consolidated Statements of Earnings. Other components of net periodic benefit expense must be presented separately outside of operating profit in our Consolidated Statements of Earnings. In addition, the new standard requires that only the service cost component of net periodic benefit expense is eligible for capitalization. The standard required retrospective adoption of the presentation of net periodic benefit expense and prospective application of the capitalization of the service cost component. The impact of the adoption of this standard on our results of operations was a decrease to our operating profit of \$87.9 million and a corresponding increase to benefit plan non-service income of \$87.9 million for fiscal 2019. There were no changes to our reported segment operating profit.

In the first quarter of fiscal 2019, we adopted new accounting requirements for the recognition of revenue from contracts with customers. Under the standard, we apply a principles-based five step model to recognize revenue upon the transfer of control of promised goods to customers and in an amount that reflects the consideration for which we expect to be entitled to in exchange for those goods. We did not identify any material differences resulting from applying the new requirements to our revenue contracts. Additionally, we did not identify any significant changes to our business processes, systems, and controls to support recognition and disclosure requirements under the new guidance. We adopted the requirements of the standard and subsequent amendments to all contracts in the first quarter of fiscal 2019 using the cumulative effect approach. We recorded a \$33.9 million cumulative effect adjustment net of income tax effects to the opening balance of fiscal 2019 retained earnings, a decrease to deferred income taxes of \$11.4 million, and an increase to other current liabilities of \$45.3 million related to the timing of recognition of certain promotional expenditures.

### **NOTE 3. ACQUISITION AND DIVESTITURES**

During the fourth quarter of fiscal 2021, we recorded a pre-tax loss of \$53.5 million related to the sale of our Laticínios Carolina business in Brazil.

During the fourth quarter of fiscal 2021, we entered into a definitive agreement to acquire Tyson Foods’ pet treats business for \$1.2 billion in cash. We expect to close on the acquisition in the first quarter of fiscal 2022. We intend to fund the acquisition with cash and short-term debt.

During the third quarter of fiscal 2019, we sold our La Salteña fresh pasta and refrigerated dough business in Argentina, and recorded a pre-tax loss of \$35.4 million. During the fourth quarter of fiscal 2019, we sold our yogurt business in China and simultaneously entered into a new Yoplait license agreement with the purchaser for their use of the Yoplait brand. We recorded a pre-tax gain of \$5.4 million.

### **NOTE 4. RESTRUCTURING, IMPAIRMENT, AND OTHER EXIT COSTS**

#### **ASSET IMPAIRMENTS**

In fiscal 2019, we recorded a \$192.6 million charge related to the impairment of our *Progresso*, *Food Should Taste Good*, and *Mountain High* brand intangible assets in restructuring, impairment, and other exit costs.

In fiscal 2019, we recorded a \$14.8 million charge in restructuring, impairment, and other exit costs related to the impairment of certain manufacturing assets in our North America Retail and Asia & Latin America segments.

#### **RESTRUCTURING INITIATIVES**

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

Charges recorded in fiscal 2021 were as follows:

**Expense, in Millions**

Global organizational structure and resource alignment	\$	157.3
Asia & Latin America route-to-market and supply chain optimization		13.0
Charges associated with restructuring actions previously announced		2.4
<b>Total</b>	<b>\$</b>	<b>172.7</b>

In fiscal 2021, we approved restructuring actions designed to better align our organizational structure and resources with strategic initiatives. We expect to incur approximately \$170 million to \$220 million of restructuring charges related to these global actions, of which approximately \$130 million to \$180 million will be cash. These charges are expected to consist primarily of severance and other benefits costs and other charges, including consulting and professional fees, contract termination costs, and fixed asset write-offs. We recognized \$148.8 million of severance and other benefits costs and \$8.5 million of other costs in fiscal 2021 related to these actions. We expect these actions to be completed by the end of fiscal 2023.

In fiscal 2021, we approved restructuring actions to leverage more efficient and effective route-to-market models and to optimize our supply chain in our Asia & Latin America segment. We expect to incur approximately \$17 million of restructuring charges related to these actions, of which approximately \$10 million will be cash. These charges are expected to consist of approximately \$9 million of severance and \$8 million of other costs, primarily asset write-offs. We recognized \$8.8 million of severance and \$4.2 million of other costs in fiscal 2021 related to these actions. We expect these actions to be completed by the end of the first quarter of fiscal 2022.

The charges associated with restructuring actions previously announced primarily relate to actions to drive efficiencies in targeted areas of our global supply chain. We expect these actions to be completed by the end of fiscal 2023.

Certain actions are subject to union negotiations and works council consultations, where required.

We paid net \$21.8 million of cash related to restructuring actions in fiscal 2021. We paid net \$6.6 million of cash in fiscal 2020.

In fiscal 2020, we did not undertake any new restructuring actions and recorded \$50.2 million of restructuring charges for previously announced restructuring actions.

Charges recorded in fiscal 2019 were as follows:

**Expense, in Millions**

Targeted actions in global supply chain	\$	80.2
Charges associated with restructuring actions previously announced		(2.6)
<b>Total</b>	<b>\$</b>	<b>77.6</b>

Restructuring and impairment charges and project-related costs are classified in our Consolidated Statements of Earnings as follows:

In Millions	Fiscal Year		
	2021	2020	2019
Restructuring, impairment, and other exit costs	\$ 170.4	\$ 24.4	\$ 275.1
Cost of sales	2.3	25.8	9.9
<b>Total restructuring and impairment charges</b>	<b>172.7</b>	<b>50.2</b>	<b>285.0</b>
Project-related costs classified in cost of sales	\$ -	\$ 1.5	1.3



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

In Millions	Contract				Total
	Severance	Termination	Other Exit Costs		
Reserve balance as of May 27, 2018	\$ 66.0	\$ 0.1	\$ 0.7		66.8
Fiscal 2019 charges, including foreign currency translation	7.7	2.5	1.4		11.6
Utilized in fiscal 2019	(37.2)	(2.6)	(2.1)		(41.9)
Reserve balance as of May 26, 2019	36.5	-	-		36.5
Fiscal 2020 charges, including foreign currency translation	(5.0)	0.8	1.7		(2.5)
Utilized in fiscal 2020	(13.7)	(0.8)	(1.7)		(16.2)
Reserve balance as of May 31, 2020	17.8	-	-		17.8
Fiscal 2021 charges, including foreign currency translation	142.3	0.3	1.3		143.9
Utilized in fiscal 2021	(12.8)	(0.1)	-		(12.9)
<b>Reserve balance as of May 30, 2021</b>	<b>\$ 147.3</b>	<b>\$ 0.2</b>	<b>\$ 1.3</b>		<b>148.8</b>

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

#### NOTE 5. INVESTMENTS IN UNCONSOLIDATED JOINT VENTURES

We have a 50 percent interest in Cereal Partners Worldwide (CPW), which manufactures and markets ready-to-eat cereal products in more than 120 countries outside the United States and Canada. CPW also markets cereal bars in several European countries and manufactures private label cereals for customers in the United Kingdom. We have guaranteed a portion of CPW's debt and its pension obligation in the United Kingdom.

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

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

Joint venture related balance sheet activity is as follows:

In Millions	May 30, 2021	May 31, 2020
Cumulative investments	\$ 486.2	\$ 481.4
Goodwill and other intangibles	505.7	460.5
Aggregate advances included in cumulative investments	294.2	279.5

Joint venture earnings and cash flow activity is as follows:

In Millions	Fiscal Year		
	2021	2020	2019
Sales to joint ventures	\$ 6.7	\$ 5.9	\$ 4.2
Net (repayments) advances	(15.5)	48.0	(0.1)
Dividends received	95.2	76.5	86.7

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

In Millions	Fiscal Year		
	2021	2020	2019
Net sales:			
CPW	\$ 1,766.8	\$ 1,654.3	1,647.7
HDJ	422.4	391.3	396.2
Total net sales	2,189.2	2,045.6	2,043.9
Gross margin	882.9	785.3	744.4
Earnings before income taxes	247.8	214.0	155.4
Earnings after income taxes	201.7	176.5	111.9

In Millions	May 30, 2021	May 31, 2020
Current assets	\$ 877.4	\$ 870.0
Noncurrent assets	927.2	781.4
Current liabilities	1,424.4	1,365.6
Noncurrent liabilities	142.2	104.2

#### NOTE 6. GOODWILL AND OTHER INTANGIBLE ASSETS

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

In Millions	May 30, 2021	May 31, 2020
Goodwill	\$ 14,062.4	\$ 13,923.2
Other intangible assets:		
Intangible assets not subject to amortization:		
Brands and other indefinite-lived intangibles	6,628.1	6,561.4
Intangible assets subject to amortization:		
Franchise agreements, customer relationships, and other finite-lived intangibles	823.4	777.8
Less accumulated amortization	(300.9)	(243.4)
Intangible assets subject to amortization	522.5	534.4
Other intangible assets	7,150.6	7,095.8
Total	\$ 21,213.0	\$ 21,019.0

Based on the carrying value of finite-lived intangible assets as of May 30, 2021, amortization expense for each of the next five fiscal years is estimated to be approximately \$40 million.

The changes in the carrying amount of goodwill for fiscal 2019, 2020, and 2021 are as follows:

In Millions	North America		Convenience	Europe &	Asia & Latin	Joint Ventures	Total
	Retail	Pet	Stores & Foodservice	Australia	America		
Balance as of May 27, 2018	\$ 6,410.6	\$ 5,294.9	\$ 918.8	\$ 729.9	\$ 285.0	\$ 425.8	\$ 14,065.0
Divestitures	-	-	-	-	(0.5)	-	(0.5)
Purchase accounting adjustment	-	5.6	-	-	-	-	5.6
Other activity, primarily foreign currency translation	(4.1)	-	-	(29.5)	(24.3)	(16.4)	(74.3)
Balance as of May 26, 2019	6,406.5	5,300.5	918.8	700.4	260.2	409.4	13,995.8
Other activity, primarily foreign currency translation	(2.8)	-	-	(9.7)	(56.4)	(3.7)	(72.6)
Balance as of May 31, 2020	6,403.7	5,300.5	918.8	690.7	203.8	405.7	13,923.2
Divestiture	-	-	-	-	(1.2)	-	(1.2)
Other activity, primarily foreign currency translation	15.6	-	-	74.8	10.1	39.9	140.4
<b>Balance as of May 30, 2021</b>	<b>\$ 6,419.3</b>	<b>\$ 5,300.5</b>	<b>\$ 918.8</b>	<b>\$ 765.5</b>	<b>\$ 212.7</b>	<b>\$ 445.6</b>	<b>\$ 14,062.4</b>

The changes in the carrying amount of other intangible assets for fiscal 2019, 2020, and 2021 are as follows:

In Millions	Total
Balance as of May 27, 2018	\$ 7,445.1
Impairment charge	(192.6)
Other activity, primarily amortization and foreign currency translation	(85.7)
Balance as of May 26, 2019	7,166.8
Other activity, primarily amortization and foreign currency translation	(71.0)
Balance as of May 31, 2020	7,095.8
Divestiture	(5.3)
Other activity, primarily amortization and foreign currency translation	60.1
<b>Balance as of May 30, 2021</b>	<b>\$ 7,150.6</b>

Our annual goodwill and indefinite-lived intangible assets impairment test was performed on the first day of the second quarter of fiscal 2021, and we determined there was no impairment of our intangible assets as their related fair values were substantially in excess of the carrying values.

While having significant coverage as of our fiscal 2021 assessment date, the Europe & Australia reporting unit and the *Progresso*, *Green Giant*, and *EPIC* brand intangible assets had risk of decreasing coverage. We will continue to monitor these businesses for potential impairment.

We did not identify any indicators of impairment for any goodwill or indefinite-lived intangible assets as of May 30, 2021.

In fiscal 2019, as a result of lower sales projections in our long-range plans for the businesses supporting the *Progresso*, *Food Should Taste Good*, and *Mountain High* brand intangible assets, we recorded a \$192.6 million impairment charge in restructuring, impairment, and other exit costs. Significant assumptions used in these assessments included our long-range cash flow projections for the businesses, royalty rates, weighted-average cost of capital rates, and tax rates.

#### NOTE 7. LEASES

Our lease portfolio primarily consists of operating lease arrangements for certain warehouse and distribution space, office space, retail shops, production facilities, rail cars, production and distribution equipment, automobiles, and office equipment. Our lease costs associated with finance leases and sale-leaseback transactions and our lease income associated with lessor and sublease arrangements are not material to our Consolidated Financial Statements.

Components of our lease cost are as follows:

In Millions	Fiscal Year	
	2021	2020
Operating lease cost	\$ 132.7	\$ 133.5
Variable lease cost	21.8	14.4
Short-term lease cost	15.4	23.3

Rent expense under all operating leases from continuing operations was \$184.9 million in fiscal 2019.

Maturities of our operating and finance lease obligations by fiscal year are as follows:

In Millions	Operating Leases	Finance Leases
Fiscal 2022	\$ 123.3	\$ 0.7
Fiscal 2023	103.5	0.7
Fiscal 2024	80.9	0.4
Fiscal 2025	50.2	-
Fiscal 2026	32.6	-
After fiscal 2026	36.7	-
Total noncancelable future lease obligations	\$ 427.2	\$ 1.8
Less: Interest	(32.8)	-
Present value of lease obligations	\$ 394.4	\$ 1.8

The lease payments presented in the table above exclude \$87.8 million of minimum lease payments for operating leases we have committed to but have not yet commenced as of May 30, 2021.

The weighted-average remaining lease term and weighted-average discount rate for our operating leases are as follows:

	May 30, 2021	May 31, 2020
Weighted-average remaining lease term	4.5 years	4.6 years
Weighted-average discount rate	3.7 %	4.1 %

Supplemental operating cash flow information and non-cash activity related to our operating leases are as follows:

In Millions	Fiscal Year	
	2021	2020
Cash paid for amounts included in the measurement of lease liabilities	\$ 132.0	\$ 131.0
Right of use assets obtained in exchange for new lease liabilities	\$ 120.2	\$ 46.3

## NOTE 8. FINANCIAL INSTRUMENTS, RISK MANAGEMENT ACTIVITIES, AND FAIR VALUES

### FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, receivables, accounts payable, other current liabilities, and notes payable approximate fair value. Marketable securities are carried at fair value. As of May 30, 2021, and May 31, 2020, a comparison of cost and market values of our marketable debt and equity securities is as follows:

In Millions	Cost		Fair Value		Gross Gains		Gross Losses	
	2021	2020	2021	2020	2021	2020	2021	2020
Available for sale debt securities	\$ 76.9	\$ 56.7	\$ 76.9	\$ 56.7	\$ -	\$ -	\$ -	\$ -
Equity securities	360.3	0.3	365.6	4.9	5.3	4.6	-	-
Total	\$ 437.2	\$ 57.0	\$ 442.5	\$ 61.6	\$ 5.3	\$ 4.6	\$ -	\$ -

There were no realized gains or losses from sales of marketable securities in fiscal 2021. During fiscal 2020, we received \$16.0 million of proceeds and recorded \$4.0 million of realized losses from the sale of marketable securities. Gains and losses are determined by specific identification. Classification of marketable securities as current or noncurrent is dependent upon our intended holding period and the security's maturity date. The aggregate unrealized gains and losses on available-for-sale debt securities, net of tax effects, are classified in AOCI within stockholders' equity.

Scheduled maturities of our marketable securities are as follows:

In Millions	Marketable Securities	
	Cost	Fair Value
Under 1 year (current)	\$ 76.9	\$ 76.9
Equity securities	360.3	365.6
Total	\$ 437.2	\$ 442.5

As of May 30, 2021, \$360.0 million of equity securities were restricted for payment of active employee health and welfare benefits.

As of May 30, 2021, we had \$2.4 million of marketable debt securities pledged as collateral for derivative contracts. As of May 30, 2021, \$28.2 million of certain accounts receivable were pledged as collateral against a foreign uncommitted line of credit.

The fair value and carrying amounts of long-term debt, including the current portion, were \$13,194.4 million and \$12,250.7 million, respectively, as of May 30, 2021. The fair value of long-term debt was estimated using market quotations and discounted cash flows based on our current incremental borrowing rates for similar types of instruments. Long-term debt is a Level 2 liability in the fair value hierarchy.

## RISK MANAGEMENT ACTIVITIES

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

### COMMODITY PRICE RISK

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

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

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

Unallocated corporate items for fiscal 2021, 2020, and 2019 included:

In Millions	Fiscal Year		
	2021	2020	2019
Net gain (loss) on mark-to-market valuation of commodity positions	\$ 138.2	\$ (63.0)	\$ (39.0)
Net (gain) loss on commodity positions reclassified from unallocated corporate items to segment operating profit	(8.8)	35.6	10.0
Net mark-to-market revaluation of certain grain inventories	9.4	2.7	(7.0)
Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items	\$ 138.8	\$ (24.7)	\$ (36.0)

As of May 30, 2021, the net notional value of commodity derivatives was \$337.0 million, of which \$276.1 million related to agricultural inputs and \$60.9 million related to energy inputs. These contracts relate to inputs that generally will be utilized within the next 12 months.

## INTEREST RATE RISK

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

**Floating Interest Rate Exposures** — Floating-to-fixed interest rate swaps are accounted for as cash flow hedges, as are all hedges of forecasted issuances of debt. Effectiveness is assessed based on either the perfectly effective hypothetical derivative method or changes in the present value of interest payments on the underlying debt. Effective gains and losses deferred to AOCI are reclassified into earnings over the life of the associated debt.

**Fixed Interest Rate Exposures** — Fixed-to-floating interest rate swaps are accounted for as fair value hedges with effectiveness assessed based on changes in the fair value of the underlying debt and derivatives, using incremental borrowing rates currently available on loans with similar terms and maturities.

In advance of planned debt financing, we entered into \$750.0 million notional amount of treasury locks due April 2, 2020 with an average fixed rate of 0.67 percent. All of these treasury locks were cash settled for \$1.4 million during the fourth quarter of fiscal 2020, concurrent with the issuance of our \$750.0 million 10-year fixed rate notes.

In advance of planned debt financing, in the fourth quarter of fiscal 2020, we entered into \$300.0 million notional amount of treasury locks due January 13, 2022 with an average fixed rate of 0.85 percent.

During the third quarter of fiscal 2020, we entered into a €600.0 million notional amount interest rate swap to convert our €600.0 million fixed rate notes due January 15, 2026, to a floating rate.

During the second quarter of fiscal 2020, we entered into a \$500.0 million notional amount interest rate swap to convert a portion of our \$850.0 million floating-rate notes due April 16, 2021, to a fixed rate.

As of May 30, 2021, the pre-tax amount of cash-settled interest rate hedge gain or loss remaining in AOCI, which will be reclassified to earnings over the remaining term of the related underlying debt, follows:

In Millions	Gain/(Loss)
3.15% notes due December 15, 2021	\$ (5.3)
2.6% notes due October 12, 2022	1.0
1.0% notes due April 27, 2023	(0.5)
3.7% notes due October 17, 2023	(0.8)
3.65% notes due February 15, 2024	4.9
4.0% notes due April 17, 2025	(2.3)
3.2% notes due February 10, 2027	9.7
1.5% notes due April 27, 2027	(1.9)
4.2% notes due April 17, 2028	(7.0)
4.55% notes due April 17, 2038	(9.2)
5.4% notes due June 15, 2040	(10.6)
4.15% notes due February 15, 2043	8.5
4.7% notes due April 17, 2048	(12.8)
Net pre-tax hedge loss in AOCI	\$ (26.3)

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

In Millions	May 30, 2021		May 31, 2020	
Pay-floating swaps - notional amount	\$	731.5	\$	666.1
Average receive rate		0.4 %		0.4 %
Average pay rate		0.1 %		0.3 %
Pay-fixed swaps - notional amount	\$	-	\$	500.0
Average receive rate		-		1.7 %
Average pay rate		-		2.1 %

The floating rate swap contracts outstanding as of May 30, 2021, mature in fiscal 2026.

## FOREIGN EXCHANGE RISK

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

As of May 30, 2021, the net notional value of foreign exchange derivatives was \$1,176.8 million.

We also have net investments in foreign subsidiaries that are denominated in euros. We previously hedged a portion of these net investments by issuing euro-denominated commercial paper and foreign exchange forward contracts. As of May 30, 2021, we hedged a portion of these net investments with €2,510.4 million of euro denominated bonds. As of May 30, 2021, we had deferred net foreign currency transaction losses of \$216.6 million in AOCI associated with net investment hedging activity.

## EQUITY INSTRUMENTS

Equity price movements affect our compensation expense as certain investments made by our employees in our deferred compensation plan are revalued. We use equity swaps to manage this risk. As of May 30, 2021, the net notional amount of our equity swaps was \$201.1 million of which \$191.2 million of swap contracts mature in fiscal 2022 and \$9.9 million of swap contracts mature in fiscal 2023.

## FAIR VALUE MEASUREMENTS AND FINANCIAL STATEMENT PRESENTATION

The fair values of our assets, liabilities, and derivative positions recorded at fair value and their respective levels in the fair value hierarchy as of May 30, 2021, and May 31, 2020, were as follows:

In Millions	May 30, 2021 Fair Values of Assets				May 30, 2021 Fair Values of Liabilities			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated as hedging instruments:								
Interest rate contracts (a) (b)	\$ -	\$ 28.8	\$ -	\$ 28.8	\$ -	\$ -	\$ -	\$ -
Foreign exchange contracts (a) (c)	-	2.3	-	2.3	-	(36.3)	-	(36.3)
Total	-	31.1	-	31.1	-	(36.3)	-	(36.3)
Derivatives not designated as hedging instruments:								
Foreign exchange contracts (a) (c)	-	2.5	-	2.5	-	(1.6)	-	(1.6)
Commodity contracts (a) (d)	11.1	20.5	-	31.6	(0.8)	(0.5)	-	(1.3)
Grain contracts (a) (d)	-	12.0	-	12.0	-	(0.9)	-	(0.9)
Total	11.1	35.0	-	46.1	(0.8)	(3.0)	-	(3.8)
Other assets and liabilities reported at fair value:								
Marketable investments (a) (e)	365.6	76.9	-	442.5	-	-	-	-
Total	365.6	76.9	-	442.5	-	-	-	-
Total assets, liabilities, and derivative positions recorded at fair value	\$ 376.7	\$ 143.0	\$ -	\$ 519.7	\$ (0.8)	\$ (39.3)	\$ -	\$ (40.1)

(a) These contracts and investments are recorded as prepaid expenses and other current assets, other assets, other current liabilities or other liabilities, as appropriate, based on whether in a gain or loss position. Certain marketable investments are recorded as cash and cash equivalents.

(b) Based on LIBOR and swap rates. As of May 30, 2021, the carrying amount of hedged debt designated as the hedged item in a fair value hedge was \$736.9 million and was classified on the Consolidated Balance Sheet within long-term debt. As of May 30, 2021, the cumulative amount of fair value hedging basis adjustments was \$5.4 million.

(c) Based on observable market transactions of spot currency rates and forward currency prices.

(d) Based on prices of futures exchanges and recently reported transactions in the marketplace.

(e) Based on prices of common stock, mutual fund net asset values, and bond matrix pricing.



In Millions	May 31, 2020 Fair Values of Assets				May 31, 2020 Fair Values of Liabilities			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated as hedging instruments:								
Interest rate contracts (a) (b)	\$ -	\$ 5.6	\$ -	\$ 5.6	\$ -	\$ (7.8)	\$ -	\$ (7.8)
Foreign exchange contracts (a) (c)	-	19.8	-	19.8	-	(3.8)	-	(3.8)
Total	-	25.4	-	25.4	-	(11.6)	-	(11.6)
Derivatives not designated as hedging instruments:								
Foreign exchange contracts (a) (c)	-	18.8	-	18.8	-	(0.2)	-	(0.2)
Commodity contracts (a) (d)	4.6	1.6	-	6.2	(3.4)	(26.7)	-	(30.1)
Grain contracts (a) (d)	-	5.0	-	5.0	-	(1.2)	-	(1.2)
Total	4.6	25.4	-	30.0	(3.4)	(28.1)	-	(31.5)
Other assets and liabilities reported at fair value:								
Marketable investments (a) (e)	4.9	56.7	-	61.6	-	-	-	-
Total	4.9	56.7	-	61.6	-	-	-	-
Total assets, liabilities, and derivative positions recorded at fair value	\$ 9.5	\$ 107.5	\$ -	\$ 117.0	\$ (3.4)	\$ (39.7)	\$ -	\$ (43.1)

(a) These contracts and investments are recorded as prepaid expenses and other current assets, other assets, other current liabilities or other liabilities, as appropriate, based on whether in a gain or loss position. Certain marketable investments are recorded as cash and cash equivalents.

(b) Based on LIBOR and swap rates. As of May 31, 2020, the carrying amount of hedged debt designated as the hedged item in a fair value hedge was \$670.9 million and was classified on the Consolidated Balance Sheet within long-term debt. As of May 31, 2020, the cumulative amount of fair value hedging basis adjustments was \$4.8 million.

(c) Based on observable market transactions of spot currency rates and forward currency prices.

(d) Based on prices of futures exchanges and recently reported transactions in the marketplace.

(e) Based on prices of common stock and bond matrix pricing.

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

Information related to our cash flow hedges, fair value hedges, and other derivatives not designated as hedging instruments for the fiscal years ended May 30, 2021, and May 31, 2020, follows:

In Millions	Interest Rate Contracts		Foreign Exchange Contracts		Equity Contracts		Commodity Contracts		Total	
	Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Derivatives in Cash Flow Hedging Relationships:										
Amount of gain (loss) recognized in other comprehensive income (OCI)	\$ 31.2	\$ (6.9)	\$ (58.7)	11.3	\$ -	\$ -	\$ -	\$ -	(27.5)	4.4
Amount of net (loss) gain reclassified from AOCI into earnings (a)	(9.4)	(9.5)	(9.8)	4.6	-	-	-	-	(19.2)	(4.9)
Derivatives in Fair Value Hedging Relationships:										
Amount of net loss recognized in earnings (b)	(0.3)	(4.9)	-	-	-	-	-	-	(0.3)	(4.9)
Derivatives Not Designated as Hedging Instruments:										
Amount of net (loss) gain recognized in earnings (c)	-	(1.4)	4.2	15.7	47.7	8.6	134.6	(55.6)	186.5	(32.7)

(a) (Loss) gain reclassified from AOCI into earnings is reported in interest, net for interest rate swaps and in cost of sales and SG&A expenses for foreign exchange contracts. For the fiscal year ended May 30, 2021, the amount of loss reclassified from AOCI into cost of sales was \$9.3 million and the amount of loss reclassified from AOCI into SG&A was \$0.5 million. For the fiscal year ended May 31, 2020, the amount of gain reclassified from AOCI into cost of sales was \$5.1 million and the amount of loss reclassified from AOCI into SG&A was \$0.5 million.

(b) Loss recognized in earnings is reported in interest, net for interest rate contracts, in cost of sales for commodity contracts, and in SG&A expenses for equity contracts and foreign exchange contracts

(c) Gain (loss) recognized in earnings is related to the ineffective portion of the hedging relationship, reported in SG&A expenses for foreign exchange contracts and interest, net for interest rate contracts. No amounts were reported as a result of being excluded from the assessment of hedge effectiveness.

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

In Millions	May 30, 2021											
	Assets						Liabilities					
	Gross Amounts Not Offset in the Balance Sheet (e)						Gross Amounts Not Offset in the Balance Sheet (e)					
	Gross Amounts of Recognized Assets	Gross Liabilities Offset in the Balance Sheet (a)	Net Amounts of Assets (b)	Financial Instruments	Cash Collateral Received	Net Amount (c)	Gross Amounts of Recognized Liabilities	Gross Assets Offset in the Balance Sheet (a)	Net Amounts of Liabilities (b)	Financial Instruments	Cash Collateral Pledged	Net Amount (d)
Commodity contracts	\$ 31.6	\$ -	\$ 31.6	\$(1.3)	\$(9.1)	\$ 21.2	\$(1.3)	\$ -	\$(1.3)	\$ 1.3	\$ -	-
Interest rate contracts	29.8	-	29.8	-	-	29.8	-	-	-	-	-	-
Foreign exchange contracts	4.8	-	4.8	\$(4.1)	-	0.7	\$(37.9)	-	\$(37.9)	4.1	-	\$(33.8)
Equity contracts	2.2	-	2.2	-	-	2.2	-	-	-	-	-	-
<b>Total</b>	<b>\$ 68.4</b>	<b>\$ -</b>	<b>\$ 68.4</b>	<b>\$(5.4)</b>	<b>\$(9.1)</b>	<b>\$ 53.9</b>	<b>\$(39.2)</b>	<b>\$ -</b>	<b>\$(39.2)</b>	<b>\$ 5.4</b>	<b>\$ -</b>	<b>\$(33.8)</b>

In Millions	May 31, 2020											
	Assets						Liabilities					
	Gross Amounts Not Offset in the Balance Sheet (e)						Gross Amounts Not Offset in the Balance Sheet (e)					
	Gross Amounts of Recognized Assets	Gross Liabilities Offset in the Balance Sheet (a)	Net Amounts of Assets (b)	Financial Instruments	Cash Collateral Received	Net Amount (c)	Gross Amounts of Recognized Liabilities	Gross Assets Offset in the Balance Sheet (a)	Net Amounts of Liabilities (b)	Financial Instruments	Cash Collateral Pledged	Net Amount (d)
Commodity contracts	\$ 6.2	\$ -	\$ 6.2	\$(4.2)	\$ -	\$ 2.0	\$(30.1)	\$ -	\$(30.1)	\$ 4.2	\$ 15.9	\$(10.0)
Interest rate contracts	6.0	-	6.0	\$(0.8)	-	5.2	\$(8.0)	-	\$(8.0)	0.8	-	\$(7.2)
Foreign exchange contracts	38.6	-	38.6	\$(3.7)	-	34.9	\$(4.0)	-	\$(4.0)	3.7	-	\$(0.3)
Equity contracts	8.6	-	8.6	-	-	8.6	-	-	-	-	-	-
<b>Total</b>	<b>\$ 59.4</b>	<b>\$ -</b>	<b>\$ 59.4</b>	<b>\$(8.7)</b>	<b>\$ -</b>	<b>\$ 50.7</b>	<b>\$(42.1)</b>	<b>\$ -</b>	<b>\$(42.1)</b>	<b>\$ 8.7</b>	<b>\$ 15.9</b>	<b>\$(17.5)</b>

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

## AMOUNTS RECORDED IN ACCUMULATED OTHER COMPREHENSIVE LOSS

As of May 30, 2021, the after-tax amounts of unrealized gains and losses in AOCI related to hedge derivatives follows:

In Millions	After-Tax Gain/(Loss)
Unrealized gains from interest rate cash flow hedges	\$ 0.4
Unrealized losses from foreign currency cash flow hedges	\$(18.9)
After-tax loss in AOCI related to hedge derivatives	\$ (18.5)

The net amount of pre-tax gains and losses in AOCI as of May 30, 2021, that we expect to be reclassified into net earnings within the next 12 months is a \$12.5 million net loss.

## CREDIT-RISK-RELATED CONTINGENT FEATURES

Certain of our derivative instruments contain provisions that require us to maintain an investment grade credit rating on our debt from each of the major credit rating agencies. If our debt were to fall below investment grade, the counterparties to the derivative instruments could request full collateralization on derivative instruments in net liability positions. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a liability position on May 30, 2021, was \$11.0 million. We have posted no collateral under these contracts. If the credit-risk-related contingent features underlying these agreements had been triggered on May 30, 2021, we would have been required to post \$11.0 million of collateral to counterparties.

## CONCENTRATIONS OF CREDIT AND COUNTERPARTY CREDIT RISK

During fiscal 2021, customer concentration was as follows:

Percent of total	Consolidated	North America Retail	Convenience Stores & Foodservice	Europe & Australia	Asia & Latin America	Pet
Walmart (a):						
Net sales	20 %	29 %	7 %	- %	5 %	13 %
Accounts receivable		28 %	6 %	- %	5 %	14 %
Five largest customers:						
Net sales		53 %	42 %	32 %	11 %	71 %

(a) Includes Walmart Inc. and its affiliates.

No customer other than Walmart accounted for 10 percent or more of our consolidated net sales.

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

The amount of loss due to the credit risk of the counterparties, should the counterparties fail to perform according to the terms of the contracts, is \$55.8 million, against which we hold \$9.1 million of collateral. Under the terms of our swap agreements, some of our transactions require collateral or other security to support financial instruments subject to threshold levels of exposure and counterparty credit risk. Collateral assets are either cash or U.S. Treasury instruments and are held in a trust account that we may access if the counterparty defaults.

We offer certain suppliers access to third-party services that allow them to view our scheduled payments online. The third-party services also allow suppliers to finance advances on our scheduled payments at the sole discretion of the supplier and the third party. We have no economic interest in these financing arrangements and no direct relationship with the suppliers, the third parties, or any financial institutions concerning this service. All of our accounts payable remain as obligations to our suppliers as stated in our supplier agreements. As of May 30, 2021, \$1,411.3 million of our accounts payable was payable to suppliers who utilize these third-party services. As of May 31, 2020, \$1,328.9 million of our accounts payable was payable to suppliers who utilize these third-party services.

### NOTE 9. DEBT

#### NOTES PAYABLE

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

In Millions	May 30, 2021			May 31, 2020		
	Notes Payable	Weighted- Average Interest Rate		Notes Payable	Weighted- Average Interest Rate	
U.S. commercial paper	\$ -	- %	\$	99.9	3.6 %	\$
Financial institutions	361.3	3.4 %		179.1	5.1 %	
Total	\$ 361.3	3.4 %	\$	279.0	4.6 %	\$

To ensure availability of funds, we maintain bank credit lines and have commercial paper programs available to us in the United States and Europe. We also have uncommitted and asset-backed credit lines that support our foreign operations.

The following table details the fee-paid committed and uncommitted credit lines we had available as of May 30, 2021:

In Billions	Facility Amount		Borrowed Amount
Credit facility expiring:			
April 2026	\$	2.7	\$ -
September 2022		0.2	-
Total committed credit facilities		2.9	-
Uncommitted credit facilities		0.6	0.4
Total committed and uncommitted credit facilities	\$	3.5	\$ 0.4

In the fourth quarter of fiscal 2021, we entered into a \$2.7 billion fee-paid committed credit facility that is scheduled to expire in April 2026. Concurrent with the execution of this credit facility, we terminated our existing \$2.7 billion credit facility.

The credit facilities contain covenants, including a requirement to maintain a fixed charge coverage ratio of at least 2.5 times. We were in compliance with all credit facility covenants as of May 30, 2021.

## LONG-TERM DEBT

In the fourth quarter of fiscal 2021, we repaid \$600.0 million of 3.2 percent fixed-rate notes and \$850.0 million of floating-rate notes with cash on hand.

In the third quarter of fiscal 2021, we completed an offer to exchange certain series of outstanding notes for a combination of newly issued notes and cash. Holders exchanged \$603.9 million of notes previously issued with rates between 4.15 percent and 5.4 percent for \$605.2 million of newly issued 3.0 percent fixed-rate notes due February 1, 2051 and \$201.4 million of cash, representing a participation incentive.

In the second quarter of fiscal 2021, we issued €500.0 million principal amount of 0.0 percent fixed-rate notes due November 16, 2021. We used the net proceeds to repay €200.0 million of 0.0 percent fixed-rate notes and for general corporate purposes.

In the first quarter of fiscal 2021, we issued €500.0 million principal amount of 0.0 percent fixed-rate notes due August 21, 2021. We used the net proceeds, together with cash on hand, to repay €500.0 million of 2.1 percent fixed-rate notes.

Subsequent to the end of fiscal 2021, we repaid €200.0 million of 2.2 percent fixed-rate notes due June 24, 2021 using proceeds from the issuance of €50.0 million of 2.2 percent fixed-rate notes due November 29, 2021 and borrowings under a committed credit facility.

In the fourth quarter of fiscal 2020, we issued \$750.0 million of 2.875 percent fixed-rate notes due April 15, 2030. We used the net proceeds to repay a portion of our outstanding commercial paper and for general corporate purposes.

In the third quarter of fiscal 2020, we issued €600.0 million of 0.45 percent fixed-rate notes due January 15, 2026 and €200.0 million of 0.0 percent fixed-rate notes due November 16, 2020. We used the net proceeds, together with cash on hand, to repay €500.0 million of floating-rate notes and €300.0 million of 0.0 percent fixed-rate notes.

In the second quarter of fiscal 2020, we repaid \$500.0 million of 2.2 percent fixed-rate notes with proceeds from commercial paper.

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

In Millions	May 30, 2021	May 31, 2020
4.2% notes due April 17, 2028	\$ 1,400.0	\$ 1,400.0
3.15% notes due December 15, 2021	1,000.0	1,000.0
3.7% notes due October 17, 2023	850.0	850.0
Floating-rate notes due April 16, 2021	-	850.0
4.0% notes due April 17, 2025	800.0	800.0
3.2% notes due February 10, 2027	750.0	750.0
2.875% notes due April 15, 2030	750.0	750.0
Euro-denominated 0.45% notes due January 15, 2026	731.5	666.1
4.7% notes due April 17, 2048	446.2	650.0
3.2% notes due April 16, 2021	-	600.0
Euro-denominated 2.1% notes due November 16, 2020	-	555.1
Euro-denominated 1.0% notes due April 27, 2023	609.6	555.1
4.55% notes due April 17, 2038	282.4	500.0
2.6% notes due October 12, 2022	500.0	500.0
5.4% notes due June 15, 2040	382.5	500.0
4.15% notes due February 15, 2043	434.9	500.0
3.65% notes due February 15, 2024	500.0	500.0
Euro-denominated 1.5% notes due April 27, 2027	487.7	444.0
Floating-rate notes due October 17, 2023	400.0	400.0
Euro-denominated 2.2% notes due June 24, 2021	243.9	222.0
Euro-denominated 0.0% notes due November 16, 2020	-	222.0
Medium-term notes, 0.56% to 6.41%, due fiscal 2023 or later	104.0	104.2
Euro-denominated 0.0% notes due August 21, 2021	609.6	-
Euro-denominated 0.0% notes due November 16, 2021	609.6	-
3.0% notes due February 1, 2051	605.2	-
Other, including debt issuance costs, debt exchange participation premium, and finance leases	(246.4)	(58.0)
	12,250.7	13,260.5
Less amount due within one year	(2,463.8)	(2,331.5)
Total long-term debt	\$ 9,786.9	\$ 10,929.0

Principal payments due on long-term debt and finance leases in the next five fiscal years based on stated contractual maturities, our intent to redeem, or put rights of certain note holders are as follows:

In Millions		
Fiscal 2022	\$	2,463.8
Fiscal 2023		1,210.3
Fiscal 2024		1,754.4
Fiscal 2025		800.0
Fiscal 2026		731.5

Certain of our long-term debt agreements contain restrictive covenants. As of May 30, 2021, we were in compliance with all of these covenants.

As of May 30, 2021, the \$26.3 million pre-tax loss recorded in AOCI associated with our previously designated interest rate swaps will be reclassified to net interest over the remaining lives of the hedged transactions. The amount expected to be reclassified from AOCI to net interest in fiscal 2022 is a \$4.8 million pre-tax loss.

#### NOTE 10. REDEEMABLE AND NONCONTROLLING INTERESTS

Our principal redeemable and noncontrolling interests relate to our Yoplait SAS, Yoplait Marques SNC, Liberté Marques Sàrl, and General Mills Cereals, LLC (GMC) subsidiaries.

We have a 51 percent controlling interest in Yoplait SAS and a 50 percent interest in Yoplait Marques SNC and Liberté Marques Sàrl. Sodiaal holds the remaining interests in each of the entities. On the acquisition date, we recorded the \$904.4 million fair value of Sodiaal's 49 percent euro-denominated interest in Yoplait SAS as a redeemable interest on our Consolidated Balance Sheets. Sodiaal has the ability to put all or a portion of its redeemable interest to us at fair value once per year, up to three times before December 2024. We adjust the value of the redeemable interest through additional paid-in capital on our Consolidated Balance Sheets quarterly to the redeemable interest's redemption value, which approximates its fair value. Yoplait SAS pays dividends annually if it meets certain financial metrics set forth in its shareholders' agreement. As of May 30, 2021, the redemption value of the euro-denominated redeemable interest was \$604.9 million.

On the acquisition dates, we recorded the \$281.4 million fair value of Sodiaal's 50 percent euro-denominated interest in Yoplait Marques SNC and 50 percent Canadian dollar-denominated interest in Liberté Marques Sàrl as noncontrolling interests on our Consolidated Balance Sheets. Yoplait Marques SNC earns a royalty stream through a licensing agreement with Yoplait SAS for the rights to *Yoplait* and related trademarks. Liberté Marques Sàrl earns a royalty stream through licensing agreements with certain Yoplait group companies for the rights to *Liberté* and related trademarks. These entities pay dividends annually based on their available cash as of their fiscal year end.

We paid dividends of \$40.3 million in fiscal 2021 and \$56.9 million in fiscal 2020 to Sodiaal under the terms of the Yoplait SAS, Yoplait Marques SNC, and Liberté Marques Sàrl shareholder agreements.

A subsidiary of Yoplait SAS has entered into an exclusive milk supply agreement for its European operations with Sodiaal at market-determined prices through May 31, 2022. Net purchases totaled \$212.1 million for fiscal 2021 and \$201.8 million for fiscal 2020.

The holder of the GMC Class A Interests receives quarterly preferred distributions from available net income based on the application of a floating preferred return rate to the holder's capital account balance established in the most recent mark-to-market valuation (currently \$251.5 million). On June 1, 2021, the floating preferred return rate on GMC's Class A interests was reset to the sum of three-month LIBOR plus 160 basis points. The preferred return rate is adjusted every three years through a negotiated agreement with the Class A Interest holder or through a remarketing auction.

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

Our noncontrolling interests contain restrictive covenants. As of May 30, 2021, we were in compliance with all of these covenants.

#### NOTE 11. STOCKHOLDERS' EQUITY

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

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

Share repurchases were as follows:

In Millions	Fiscal Year		
	2021	2020	2019
Shares of common stock	5.0	0.1	-
Aggregate purchase price	\$ 301.4	\$ 3.4	\$ 1.1

The following tables provide details of total comprehensive income:

In Millions	Fiscal 2021				
	Pretax	General Mills Tax	Net	Noncontrolling Interests Net	Redeemable Interest Net
Net earnings, including earnings attributable to redeemable and noncontrolling interests		\$	2,339.8 \$	6.5 \$	(0.3)
Other comprehensive income (loss):					
Foreign currency translation	\$ (6.1)	\$ 64.9	58.8	31.5	84.8
Net actuarial gain	464.9	(111.5)	353.4	-	-
Other fair value changes:					
Hedge derivatives	(25.8)	6.5	(19.3)	-	(1.4)
Reclassification to earnings:					
Hedge derivatives (a)	19.1	(5.7)	13.4	-	0.1
Amortization of losses and prior service costs (b)	102.5	(23.6)	78.9	-	-
Other comprehensive income	554.6	(69.4)	485.2	31.5	83.5
<b>Total comprehensive income</b>		\$	<b>2,825.0 \$</b>	<b>38.0 \$</b>	<b>83.2</b>

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

(b) Loss reclassified from AOCI into earnings is reported in benefit plan non-service income. Please refer to Note 2.

In Millions	Fiscal 2020				
	Pretax	General Mills Tax	Net	Noncontrolling Interests Net	Redeemable Interest Net
Net earnings, including earnings attributable to redeemable and noncontrolling interests		\$	2,181.2 \$	12.9 \$	16.7
Other comprehensive income (loss):					
Foreign currency translation	\$ (149.1)	\$ -	(149.1)	(2.6)	(17.4)
Net actuarial loss	(290.2)	65.6	(224.6)	-	-
Other fair value changes:					
Hedge derivatives	4.4	(1.2)	3.2	-	-
Reclassification to earnings:					
Hedge derivatives (a)	4.3	(0.7)	3.6	-	0.5
Amortization of losses and prior service costs (b)	101.3	(23.4)	77.9	-	-
Other comprehensive loss	(329.3)	40.3	(289.0)	(2.6)	(16.9)
<b>Total comprehensive income (loss)</b>		\$	<b>1,892.2 \$</b>	<b>10.3 \$</b>	<b>(0.2)</b>

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

(b) Loss reclassified from AOCI into earnings is reported in benefit plan non-service income. Please refer to Note 2.



In Millions	Fiscal 2019				
	Pretax	General Mills Tax	Net	Noncontrolling Interests Net	Redeemable Interest Net
Net earnings, including earnings attributable to redeemable and noncontrolling interests		\$	1,752.7 \$	13.9 \$	19.6
Other comprehensive income (loss):					
Foreign currency translation	\$ (38.3)	\$ -	(38.3)	(13.5)	(31.0)
Net actuarial loss	(325.6)	72.2	(253.4)	-	-
Other fair value changes:					
Hedge derivatives	15.9	(3.7)	12.2	-	(0.1)
Reclassification to earnings:					
Securities (a)	(2.6)	0.6	(2.0)	-	-
Hedge derivatives (b)	0.1	0.4	0.5	-	0.4
Amortization of losses and prior service costs (c)	107.5	(22.9)	84.6	-	-
Other comprehensive (loss)	(243.0)	46.6	(196.4)	(13.5)	(30.7)
Total comprehensive income (loss)		\$	1,556.3 \$	0.4 \$	(11.1)

(a) Gain reclassified from AOCI into earnings is reported in interest, net for securities.

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

(c) Loss reclassified from AOCI into earnings is reported in benefit plan non-service income. Please refer to Note 2.

In fiscal 2021, 2020, and 2019, except for reclassifications to earnings, changes in other comprehensive income (loss) were primarily non-cash items.

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

In Millions	May 30, 2021	May 31, 2020
Foreign currency translation adjustments	\$ (830.2)	\$ (889.0)
Unrealized loss from hedge derivatives	(18.5)	(12.6)
Pension, other postretirement, and postemployment benefits:		
Net actuarial loss	(1,718.4)	(2,022.5)
Prior service credits	137.9	9.7
Accumulated other comprehensive loss	\$ (2,429.2)	\$ (2,914.4)

## NOTE 12. STOCK PLANS

We use broad-based stock plans to help ensure that management's interests are aligned with those of our shareholders. As of May 30, 2021, a total of 23.5 million shares were available for grant in the form of stock options, restricted stock, restricted stock units, and shares of unrestricted stock under the 2017 Stock Compensation Plan (2017 Plan). The 2017 Plan also provides for the issuance of cash-settled share-based units, stock appreciation rights, and performance-based stock awards. Stock-based awards now outstanding include some granted under the 2009 and 2011 stock plans and the 2006, 2011, and 2016 compensation plans for non-employee directors, under which no further awards may be granted. The stock plans provide for potential accelerated vesting of awards upon retirement, termination, or death of eligible employees and directors.

### Stock Options

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

	2021		Fiscal Year 2020		2019	
Estimated fair values of stock options granted	\$	8.03	\$	7.10	\$	5.35
Assumptions:						
Risk-free interest rate		0.7 %		2.0 %		2.9 %
Expected term		8.5 years		8.5 years		8.5 years
Expected volatility		19.5 %		17.4 %		16.3 %
Dividend yield		3.3 %		3.6 %		4.3 %

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

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

Any corporate income tax benefit realized upon exercise or vesting of an award in excess of that previously recognized in earnings (referred to as a windfall tax benefit) is presented in our Consolidated Statements of Cash Flows as an operating cash flow. Realized windfall tax benefits and shortfall tax deficiencies related to the exercise or vesting of stock-based awards are recognized in the Consolidated Statement of Earnings. We recognized windfall tax benefits from stock-based payments in income tax expense in our Consolidated Statements of Earnings of \$12.4 million in fiscal 2021, \$27.3 million in fiscal 2020, and \$24.5 million in fiscal 2019.

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

Information on stock option activity follows:

	Options Outstanding (Thousands)	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (Millions)
Balance as of May 31, 2020	18,164.6	\$ 51.21	5.53	\$ 222.6
Granted	1,366.0	61.65		
Exercised	(1,910.6)	39.15		
Forfeited or expired	(222.5)	55.80		
<b>Outstanding as of May 30, 2021</b>	<b>17,397.5</b>	<b>\$ 53.29</b>	<b>5.26</b>	<b>\$ 174.4</b>
<b>Exercisable as of May 30, 2021</b>	<b>9,018.7</b>	<b>\$ 53.60</b>	<b>3.28</b>	<b>\$ 91.4</b>

Stock-based compensation expense related to stock option awards was \$11.2 million in fiscal 2021, \$13.4 million in fiscal 2020, and \$14.7 million in fiscal 2019.

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

In Millions	Fiscal Year		
	2021	2020	2019
Net cash proceeds	\$ 74.3	\$ 263.4	\$ 241.4
Intrinsic value of options exercised	\$ 44.8	\$ 132.9	\$ 126.7

**Restricted Stock, Restricted Stock Units, and Performance Share Units**

Stock and units settled in stock subject to a restricted period and a purchase price, if any (as determined by the Compensation Committee of the Board of Directors), may be granted to key employees under the 2017 Plan. Restricted stock and restricted stock units generally vest and become unrestricted four years after the date of grant. Performance share units are earned primarily based on our future achievement of three-year goals for average organic net sales growth and cumulative free cash flow. Performance share units are settled in common stock and are generally subject to a three-year performance and vesting period. The sale or transfer of these awards is restricted during the vesting period. Participants holding restricted stock, but not restricted stock units or performance share units, are entitled to vote on matters submitted to holders of common stock for a vote. These awards accumulate dividends from the date of grant, but participants only receive payment if the awards vest.

Information on restricted stock unit and performance share unit activity follows:

	Equity Classified		Liability Classified	
	Share-Settled Units (Thousands)	Weighted-Average Grant- Date Fair Value	Share-Settled Units (Thousands)	Weighted-Average Grant-Date Fair Value
Non-vested as of May 31, 2020	4,925.5	\$ 53.26	103.3	\$ 54.75
Granted	1,501.8	61.23	27.2	61.59
Vested	(1,199.3)	60.54	(28.0)	62.88
Forfeited or expired	(155.2)	55.47	(4.9)	55.82
<b>Non-vested as of May 30, 2021</b>	<b>5,072.8</b>	<b>\$ 53.84</b>	<b>97.6</b>	<b>\$ 54.26</b>

	Fiscal Year		
	2021	2020	2019
Number of units granted (thousands)	1,529.0	1,947.6	1,848.2
Weighted-average price per unit	\$ 61.24	\$ 53.28	\$ 46.14

The total grant-date fair value of restricted stock unit awards that vested was \$74.4 million in fiscal 2021 and \$59.7 million in fiscal 2020.

As of May 30, 2021, unrecognized compensation expense related to non-vested stock options, restricted stock units, and performance share units was \$103.0 million. This expense will be recognized over 19 months, on average.

Stock-based compensation expense related to restricted stock units and performance share units was \$78.7 million for fiscal 2021, \$81.5 million for fiscal 2020, and \$70.2 million for fiscal 2019. Compensation expense related to stock-based payments recognized in our Consolidated Statements of Earnings includes amounts recognized in restructuring, impairment, and other exit costs for fiscal 2019.

## NOTE 13. EARNINGS PER SHARE

Basic and diluted EPS were calculated using the following:

In Millions, Except per Share Data	Fiscal Year		
	2021	2020	2019
Net earnings attributable to General Mills	\$ 2,339.8	\$ 2,181.2	\$ 1,752.7
Average number of common shares - basic EPS	614.1	608.1	600.4
Incremental share effect from: (a)			
Stock options	2.5	2.7	3.1
Restricted stock units and performance share units	2.5	2.5	1.9
Average number of common shares - diluted EPS	619.1	613.3	605.4
Earnings per share — basic	\$ 3.81	\$ 3.59	\$ 2.92
Earnings per share — diluted	\$ 3.78	\$ 3.56	\$ 2.90

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

In Millions	Fiscal Year		
	2021	2020	2019
Anti-dilutive stock options, restricted stock units, and performance share units	3.4	8.4	14.1

## NOTE 14. RETIREMENT BENEFITS AND POSTEMPLOYMENT BENEFITS

### Defined Benefit Pension Plans

We have defined benefit pension plans covering many employees in the United States, Canada, Switzerland, France, and the United Kingdom. Benefits for salaried employees are based on length of service and final average compensation. Benefits for hourly employees include various monthly amounts for each year of credited service. Our funding policy is consistent with the requirements of applicable laws. We made no voluntary contributions to our principal U.S. plans in fiscal 2021 or fiscal 2020. We do not expect to be required to make any contributions to our principal U.S. plans in fiscal 2022. Our principal U.S. retirement plan covering salaried employees has a provision that any excess pension assets would be allocated to active participants if the plan is terminated within five years of a change in control. All salaried employees hired on or after June 1, 2013, are eligible for a retirement program that does not include a defined benefit pension plan.

### Other Postretirement Benefit Plans

We also sponsor plans that provide health care benefits to many of our retirees in the United States, Canada, and Brazil. The U.S. salaried health care benefit plan is contributory, with retiree contributions based on years of service. We make decisions to fund related trusts for certain employees and retirees on an annual basis. We made no voluntary contributions to these plans in fiscal 2021 or fiscal 2020. We do not expect to be required to make any contributions to these plans in fiscal 2022.

In fiscal 2021, we approved amendments to reorganize certain U.S. retiree health and welfare benefit plans. The General Mills Retiree Health Plan for Union Employees was divided into two plans, with participants under age 65 remaining within its coverage, and participants age 65 and over covered by The General Mills Retiree Health Plan for Union Employees (65+). The General Mills Retiree Health Plan for Union Employees (65+) will allow certain participants to purchase individual health insurance policies on a private health care exchange effective January 1, 2022. Additionally, the Employees' Benefit Plan of General Mills was merged into the General Mills Retiree Health Plan for Union Employees. Separate benefit structures and plan provisions continue to apply to eligible participants of these merged plans. A portion of the General Mills Retiree Health Plan for Union Employees overfunded plan assets were segregated to offset the cost of the Employees' Benefit Plan of General Mills health and welfare benefits. The segregation of assets is reported as a negative employer contribution in the change in other postretirement benefit plan assets. The amendments facilitate targeted investment strategies that reflect each plan's unique liability characteristics.

In fiscal 2021, we announced changes to the design of our health care coverage for certain eligible retirees to allow participants to purchase individual health insurance policies on a private health care exchange effective January 1, 2022. These changes will provide certain eligible retirees with greater flexibility in choosing health care coverage that best fits their needs.

## Health Care Cost Trend Rates

Assumed health care cost trends are as follows:

	Fiscal Year	
	2021	2020
Health care cost trend rate for next year	6.0% and 6.3%	6.2% and 6.5%
Rate to which the cost trend rate is assumed to decline (ultimate rate)	4.5 %	4.5 %
Year that the rate reaches the ultimate trend rate	2029	2029

We review our health care cost trend rates annually. Our review is based on data we collect about our health care claims experience and information provided by our actuaries. This information includes recent plan experience, plan design, overall industry experience and projections, and assumptions used by other similar organizations. Our initial health care cost trend rate is adjusted as necessary to remain consistent with this review, recent experiences, and short-term expectations. Our initial health care cost trend rate assumption is 6.3 percent for retirees age 65 and over and 6.0 percent for retirees under age 65 at the end of fiscal 2021. Rates are graded down annually until the ultimate trend rate of 4.5 percent is reached in 2029 for all retirees. The trend rates are applicable for calculations only if the retirees' benefits increase as a result of health care inflation. The ultimate trend rate is adjusted annually, as necessary, to approximate the current economic view on the rate of long-term inflation plus an appropriate health care cost premium. Assumed trend rates for health care costs have an important effect on the amounts reported for the other postretirement benefit plans.

## Postemployment Benefit Plans

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

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

In Millions	Defined Benefit Pension Plans		Other Postretirement Benefit Plans		Postemployment Benefit Plans	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2021	2020	2021	2020	2021	2020
Change in Plan Assets:						
Fair value at beginning of year	\$ 6,993.2	\$ 6,291.6	\$ 793.5	\$ 753.8		
Actual return on assets	716.3	983.7	108.1	65.0		
Employer contributions	33.8	32.9	(359.9)	0.1		
Plan participant contributions	4.1	6.7	13.0	13.8		
Benefits payments	(315.1)	(317.2)	(35.3)	(39.2)		
Foreign currency	27.9	(4.5)	-	-		
Fair value at end of year (a)	\$ 7,460.2	\$ 6,993.2	\$ 519.4	\$ 793.5		
Change in Projected Benefit Obligation:						
Benefit obligation at beginning of year	\$ 7,640.2	\$ 6,750.7	\$ 773.7	\$ 824.1	\$ 150.3	\$ 128.0
Service cost	104.4	92.7	8.5	9.4	9.3	8.3
Interest cost	192.1	230.5	18.0	27.1	1.7	2.6
Plan amendment	1.1	1.2	(138.7)	-	-	-
Curtailment/other	(5.8)	(1.2)	-	-	5.1	-
Plan participant contributions	4.1	6.7	13.0	13.8	-	-
Medicare Part D reimbursements	-	-	2.5	2.7	-	-
Actuarial loss (gain)	67.4	881.8	(15.8)	(38.3)	7.2	17.7
Benefits payments	(315.7)	(317.7)	(61.9)	(63.5)	(22.5)	(6.2)
Foreign currency	26.6	(4.5)	0.7	(1.6)	0.6	(0.1)
Projected benefit obligation at end of year (a)	\$ 7,714.4	\$ 7,640.2	\$ 600.0	\$ 773.7	\$ 151.7	\$ 150.3
Plan assets less than benefit obligation as of fiscal year end	\$ (254.2)	\$ (647.0)	\$ (80.6)	\$ 19.8	\$ (151.7)	\$ (150.3)

(a) Plan assets and obligations are measured as of May 31, 2021 and May 31, 2020.

During fiscal 2021, the increase in defined benefit pension benefit obligations was primarily driven by actuarial losses due to a decrease in the discount rate. The decrease in other postretirement obligations was primarily driven by the reorganization of certain U.S. retiree health and welfare benefit plans.

During fiscal 2020, the increase in defined benefit pension benefit obligations was primarily driven by actuarial losses due to a decrease in the discount rate and an update in mortality rates. The decrease in other postretirement obligations was primarily driven by a decrease in expected future claims, partially offset by losses due to a decrease in the discount rate.

As of May 30, 2021, other postretirement benefit plans had benefit obligations of \$412.4 million that exceeded plan assets of \$310.1 million. As of May 31, 2020, other postretirement benefit plans had benefit obligations of \$479.4 million that exceeded plan assets of \$248.0 million. Postemployment benefit plans are not funded and had benefit obligations of \$151.7 million and \$150.3 million as of May 30, 2021 and May 31, 2020, respectively.

The accumulated benefit obligation for all defined benefit pension plans was \$7,402.1 million as of May 30, 2021, and \$7,285.2 million as of May 31, 2020.

Amounts recognized in AOCI as of May 30, 2021 and May 31, 2020, are as follows:

In Millions	Defined Benefit Pension Plans		Other Postretirement Benefit Plans		Postemployment Benefit Plans		Total	
	Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year	
	2021	2020	2021	2020	2021	2020	2021	2020
Net actuarial (loss) gain	\$ (1,897.2)	\$ (2,136.6)	\$ 200.8	\$ 129.5	\$ (22.0)	\$ (15.4)	\$ (1,718.4)	\$ (2,022.5)
Prior service (costs) credits	5.8	(6.0)	133.7	21.0	(1.6)	(5.3)	137.9	9.7
Amounts recorded in accumulated other comprehensive loss	\$ (1,891.4)	\$ (2,142.6)	\$ 334.5	\$ 150.5	\$ (23.6)	\$ (20.7)	\$ (1,580.5)	\$ (2,012.8)

Plans with accumulated benefit obligations in excess of plan assets as of May 30, 2021 and May 31, 2020 are as follows:

In Millions	Defined Benefit Pension Plans	
	Fiscal Year	
	2021	2020
Projected benefit obligation	\$ 615.3	\$ 3,512.9
Accumulated benefit obligation	556.2	3,200.1
Plan assets at fair value	26.7	2,569.9

Components of net periodic benefit expense are as follows:

In Millions	Defined Benefit Pension Plans			Other Postretirement Benefit Plans			Postemployment Benefit Plans		
	Fiscal Year			Fiscal Year			Fiscal Year		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Service cost	\$ 104.4	\$ 92.7	\$ 94.6	\$ 8.5	\$ 9.4	\$ 9.9	\$ 9.3	\$ 8.3	\$ 7.6
Interest cost	192.1	230.5	248.0	18.0	27.1	33.1	1.7	2.6	3.0
Expected return on plan assets	(420.9)	(449.9)	(445.8)	(34.7)	(42.1)	(40.4)	-	-	-
Amortization of losses (gains)	108.3	106.0	109.8	(5.1)	(2.1)	0.6	2.6	0.4	0.1
Amortization of prior service costs (credits)	1.3	1.6	1.5	(5.5)	(5.5)	(5.5)	0.9	0.9	0.7
Other adjustments	-	-	-	-	-	-	8.4	17.7	6.7
Settlement or curtailment losses	14.9	-	0.3	-	-	-	-	-	-
Net expense (income)	\$ 0.1	\$ (19.1)	\$ 8.4	\$ (18.8)	\$ (13.2)	\$ (2.3)	\$ 22.9	\$ 29.9	\$ 18.1

### Assumptions

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

	Defined Benefit Pension Plans		Other Postretirement Benefit Plans		Postemployment Benefit Plans	
	Fiscal Year		Fiscal Year		Fiscal Year	
	2021	2020	2021	2020	2021	2020
Discount rate	3.17 %	3.20 %	3.03 %	3.02 %	2.04 %	1.85 %
Rate of salary increases	4.39	4.44	-	-	4.46	4.51

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

	Defined Benefit Pension Plans						Other Postretirement Benefit Plans						Postemployment Benefit Plans					
	Fiscal Year						Fiscal Year						Fiscal Year					
	2021		2020		2019		2021		2020		2019		2021		2020		2019	
Discount rate	<b>3.20</b>	%	3.91	%	4.20	%	<b>3.02</b>	%	3.79	%	4.17	%	<b>1.86</b>	%	3.10	%	3.60	%
Service cost effective rate	<b>3.58</b>		4.19		4.34		<b>3.40</b>		4.04		4.27		<b>3.51</b>		3.51		3.99	
Interest cost effective rate	<b>2.55</b>		3.47		3.92		<b>2.29</b>		3.28		3.80		<b>2.83</b>		2.84		3.37	
Rate of salary increases	<b>4.44</b>		4.17		4.27		-		-		-		<b>4.47</b>		4.47		4.44	
Expected long-term rate of return on plan assets	<b>5.72</b>		6.95		7.25		<b>4.57</b>		5.67		5.67		-		-		-	

#### Discount Rates

We estimate the service and interest cost components of the net periodic benefit expense for our United States and most of our international defined benefit pension, other postretirement benefit, and postemployment benefit plans utilizing a full yield curve approach by applying the specific spot rates along the yield curve used to determine the benefit obligation to the relevant projected cash flows. Our discount rate assumptions are determined annually as of May 31 for our defined benefit pension, other postretirement benefit, and postemployment benefit plan obligations. We also use discount rates as of May 31 to determine defined benefit pension, other postretirement benefit, and postemployment benefit plan income and expense for the following fiscal year. We work with our outside actuaries to determine the timing and amount of expected future cash outflows to plan participants and, using the Aa Above Median corporate bond yield, to develop a forward interest rate curve, including a margin to that index based on our credit risk. This forward interest rate curve is applied to our expected future cash outflows to determine our discount rate assumptions.



## Fair Value of Plan Assets

The fair values of our pension and postretirement benefit plans' assets and their respective levels in the fair value hierarchy by asset category were as follows:

In Millions	May 31, 2021				May 31, 2020			
	Level 1	Level 2	Level 3	Total Assets	Level 1	Level 2	Level 3	Total Assets
Fair value measurement of pension plan assets:								
Equity (a)	\$ 838.3	\$ 697.2	\$ -	\$ 1,535.5	\$ 1,039.6	\$ 777.7	\$ -	\$ 1,817.3
Fixed income (b)	1,993.5	1,936.3	-	3,929.8	1,833.3	1,667.4	-	3,500.7
Real asset investments (c)	277.9	0.2	-	278.1	223.4	0.1	-	223.5
Other investments (d)	-	-	0.1	0.1	-	-	0.2	0.2
Cash and accruals	180.0	-	-	180.0	180.3	-	-	180.3
Fair value measurement of pension plan assets	\$ 3,289.7	\$ 2,633.7	\$ 0.1	\$ 5,923.5	\$ 3,276.6	\$ 2,445.2	\$ 0.2	\$ 5,722.0
Assets measured at net asset value (e)				1,536.7				1,271.2
Total pension plan assets			\$	7,460.2			\$	6,993.2
Fair value measurement of postretirement benefit plan assets:								
Equity (a)	\$ 0.2	\$ -	\$ -	\$ 0.2	\$ -	\$ 46.9	\$ -	\$ 46.9
Fixed income (b)	117.3	-	-	117.3	157.5	268.4	-	425.9
Real asset investments (c)	-	-	-	-	0.1	-	-	0.1
Cash and accruals	14.8	-	-	14.8	16.7	-	-	16.7
Fair value measurement of postretirement benefit plan assets	\$ 132.3	\$ -	\$ -	\$ 132.3	\$ 174.3	\$ 315.3	\$ -	\$ 489.6
Assets measured at net asset value (e)				387.1				303.9
Total postretirement benefit plan assets			\$	519.4			\$	793.5

- (a) Primarily publicly traded common stock for purposes of total return and to maintain equity exposure consistent with policy allocations. Investments include: United States and international equity securities, mutual funds, and equity futures valued at closing prices from national exchanges, and commingled funds valued at unit values provided by the investment managers, which are based on the fair value of the underlying investments.
- (b) Primarily government and corporate debt securities and futures for purposes of total return, managing fixed income exposure to policy allocations, and duration targets. Investments include: fixed income securities and bond futures generally valued at closing prices from national exchanges, fixed income pricing models, and independent financial analysts; and fixed income commingled funds valued at unit values provided by the investment managers, which are based on the fair value of the underlying investments.
- (c) Publicly traded common stocks in energy, real estate, and infrastructure for the purpose of total return. Investments include: energy, real estate, and infrastructure securities generally valued at closing prices from national exchanges, and commingled funds valued at unit values provided by the investment managers, which are based on the fair value of the underlying investments.
- (d) Insurance and annuity contracts to provide a stable stream of income for pension retirees. Fair values are based on the fair value of the underlying investments and contract fair values established by the providers.
- (e) Primarily private investments and common collective trusts that are measured at fair value using the net asset value per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy.

There were no material changes in our level 3 investments in fiscal 2021 and fiscal 2020.

## Expected Rate of Return on Plan Assets

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

Weighted-average asset allocations for our defined benefit pension and other postretirement benefit plans are as follows:

Asset category:	Defined Benefit Pension Plans		Other Postretirement Benefit Plans	
	Fiscal Year		Fiscal Year	
	2021	2020	2021	2020
United States equities	15.4 %	19.7 %	28.0 %	18.1 %
International equities	9.9	11.0	13.9	9.8
Private equities	9.3	6.2	15.1	4.4
Fixed income	54.6	52.8	43.0	64.8
Real assets	10.8	10.3	-	2.9
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

The investment objective for our defined benefit pension and other postretirement benefit plans is to secure the benefit obligations to participants at a reasonable cost to us. Our goal is to optimize the long-term return on plan assets at a moderate level of risk. The defined benefit pension plan and other postretirement benefit plan portfolios are broadly diversified across asset classes. Within asset classes, the portfolios are further diversified across investment styles and investment organizations. For the U.S. defined benefit pension plans, the long-term investment policy allocation is: 15 percent to equities in the United States; 9 percent to international equities; 8 percent to private equities; 57 percent to fixed income; and 12 percent to real assets (real estate, energy, and infrastructure). For other U.S. postretirement benefit plans, the long-term investment policy allocations are: 28 percent to equities in the United States; 14 percent to international equities; 14 percent to total private equities; and 44 percent to fixed income. The actual allocations to these asset classes may vary tactically around the long-term policy allocations based on relative market valuations.

### Contributions and Future Benefit Payments

We do not expect to be required to make contributions to our defined benefit pension, other postretirement benefit, and postemployment benefit plans in fiscal 2022. Actual fiscal 2022 contributions could exceed our current projections, as influenced by our decision to undertake discretionary funding of our benefit trusts and future changes in regulatory requirements. Estimated benefit payments, which reflect expected future service, as appropriate, are expected to be paid from fiscal 2022 to fiscal 2031 as follows:

In Millions	Defined Benefit Pension Plans	Other Postretirement Benefit Plans Gross Payments	Medicare Subsidy Receipts	Postemployment Benefit Plans
Fiscal 2022	\$ 332.6	\$ 40.2	\$ 1.9	\$ 29.0
Fiscal 2023	339.6	36.6	-	21.0
Fiscal 2024	347.1	36.9	-	19.3
Fiscal 2025	355.7	37.3	-	17.8
Fiscal 2026	364.5	37.7	-	16.5
Fiscal 2027-2031	1,944.0	168.0	-	66.8

### Defined Contribution Plans

The General Mills Savings Plan is a defined contribution plan that covers domestic salaried, hourly, nonunion, and certain union employees. This plan is a 401(k) savings plan that includes a number of investment funds, including a Company stock fund and an Employee Stock Ownership Plan (ESOP). We sponsor another money purchase plan for certain domestic hourly employees with net assets of \$22.5 million as of May 30, 2021, and \$20.6 million as of May 31, 2020. We also sponsor defined contribution plans in many of our foreign locations. Our total recognized expense related to defined contribution plans was \$76.1 million in fiscal 2021, \$90.1 million in fiscal 2020, and \$52.7 million in fiscal 2019.

We match a percentage of employee contributions to the General Mills Savings Plan. The Company match is directed to investment options of the participant's choosing. The number of shares of our common stock allocated to participants in the ESOP was 4.3 million as of May 30, 2021, and 4.6 million as of May 31, 2020. The ESOP's only assets are our common stock and temporary cash balances.

The Company stock fund and the ESOP collectively held \$433.0 million and \$464.8 million of Company common stock as of May 30, 2021, and May 31, 2020, respectively.

**NOTE 15. INCOME TAXES**

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

In Millions	Fiscal Year		
	2021	2020	2019
Earnings before income taxes and after-tax earnings from joint ventures:			
United States	\$ 2,567.1	\$ 2,402.1	1,788.2
Foreign	290.3	198.1	293.8
Total earnings before income taxes and after-tax earnings from joint ventures	\$ 2,857.4	\$ 2,600.2	2,082.0
Income taxes:			
Currently payable:			
Federal	\$ 369.8	\$ 381.0	151.9
State and local	47.5	55.3	35.3
Foreign	93.0	73.8	84.6
Total current	510.3	510.1	271.8
Deferred:			
Federal	117.9	67.8	86.7
State and local	13.6	(56.6)	21.6
Foreign	(12.7)	(40.8)	(12.3)
Total deferred	118.8	(29.6)	96.0
Total income taxes	\$ 629.1	\$ 480.5	367.8

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

	Fiscal Year					
	2021		2020		2019	
United States statutory rate	21.0	%	21.0	%	21.0	%
State and local income taxes, net of federal tax benefits	1.7		2.0		2.5	
Foreign rate differences	0.3		(0.8)		-	
Provisional net tax benefit	-		-		(0.4)	
Stock based compensation	(0.4)		(1.1)		(1.2)	
Subsidiary reorganization (a)	-		(2.0)		-	
Capital loss (b)	-		-		(3.7)	
Other, net	(0.6)		(0.6)		(0.5)	
Effective income tax rate	22.0	%	18.5	%	17.7	%

(a) During fiscal 2020, we recorded a \$53.1 million decrease to our deferred income tax liabilities associated with the reorganization of certain wholly owned subsidiaries.

(b) During fiscal 2019, we recorded a discrete benefit related to a capital loss carryback of \$72.9 million.

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

<b>In Millions</b>	<b>May 30, 2021</b>	<b>May 31, 2020</b>
Accrued liabilities	\$ 58.5	\$ 61.8
Compensation and employee benefits	198.7	171.4
Unrealized hedges	16.3	-
Pension	61.4	148.2
Tax credit carryforwards	22.7	12.5
Stock, partnership, and miscellaneous investments	46.3	80.2
Capital losses	67.3	65.9
Net operating losses	160.5	146.6
Other	93.4	87.0
Gross deferred tax assets	725.1	773.6
Valuation allowance	229.2	214.2
Net deferred tax assets	495.9	559.4
Brands	1,413.8	1,415.0
Fixed assets	412.7	378.3
Intangible assets	256.2	246.8
Tax lease transactions	18.8	21.5
Inventories	36.2	33.0
Stock, partnership, and miscellaneous investments	364.0	338.1
Unrealized hedges	-	22.4
Other	112.6	51.4
Gross deferred tax liabilities	2,614.3	2,506.5
Net deferred tax liability	\$ 2,118.4	\$ 1,947.1

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

Information about our valuation allowance follows:

<b>In Millions</b>	<b>May 30, 2021</b>
Pillsbury acquisition losses	\$ 107.9
State and foreign loss carryforwards	29.1
Capital loss carryforwards	67.3
Other	24.9
Total	\$ 229.2

As of May 30, 2021, we believe it is more-likely-than-not that the remainder of our deferred tax assets are realizable.

Information about our tax loss carryforwards follows:

<b>In Millions</b>	<b>May 30, 2021</b>
Foreign loss carryforwards	\$ 162.9
State operating loss carryforwards	8.2
Total tax loss carryforwards	\$ 171.1

Our foreign loss carryforwards expire as follows:

<b>In Millions</b>	<b>May 30, 2021</b>	
Expire in fiscal 2022 and 2023	\$	2.2
Expire in fiscal 2024 and beyond		20.7
Do not expire		140.0
Total foreign loss carryforwards	\$	162.9

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law. The ARPA includes a provision expanding the limitations on the deductibility of certain executive employee compensation beginning in our fiscal 2028. We do not currently expect the ARPA to have a material impact on our financial results, including our annual estimated effective tax rate, or on our liquidity. We will continue to monitor and assess the impact the ARPA may have on our business and financial results.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law. The CARES Act and related notices included several significant provisions, including delaying certain payroll tax payments into fiscal 2022 and fiscal 2023.

As of May 30, 2021, we have not recognized a deferred tax liability for unremitted earnings of approximately \$2.3 billion from our foreign operations because we currently believe our subsidiaries have invested the undistributed earnings indefinitely or the earnings will be remitted in a tax-neutral transaction. It is not practicable for us to determine the amount of unrecognized tax expense on these reinvested earnings. Deferred taxes are recorded for earnings of our foreign operations when we determine that such earnings are no longer indefinitely reinvested. All earnings prior to fiscal 2018 remain permanently reinvested. Earnings from fiscal 2018 and later are not permanently reinvested and local country withholding taxes are recorded on earnings each year.

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

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

The Internal Revenue Service (IRS) is currently auditing our federal tax returns for fiscal 2016, 2018, and 2019. Several state and foreign examinations are currently in progress. We do not expect these examinations to result in a material impact on our results of operations or financial position. We have effectively settled all issues with the IRS for fiscal years 2015 and prior.

During fiscal 2017, the Brazilian tax authority, Secretaria da Receita Federal do Brasil (RFB), concluded audits of our 2012 and 2013 tax return years. These audits included a review of our determinations of amortization of certain goodwill arising from the acquisition of Yoki Alimentos S.A. The RFB has proposed adjustments that effectively eliminate the goodwill amortization benefits related to this transaction. During fiscal 2020, we received proposed adjustments related to the goodwill amortization benefits for our 2014 and 2015 tax return years. We believe we have meritorious defenses and intend to contest the disallowance.

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

The following table sets forth changes in our total gross unrecognized tax benefit liabilities, excluding accrued interest, for fiscal 2021 and fiscal 2020. Approximately \$75.6 million of this total in fiscal 2021 represents the amount that, if recognized, would affect our effective income tax rate in future periods. This amount differs from the gross unrecognized tax benefits presented in the table because certain of the liabilities below would impact deferred taxes if recognized. We also would record a decrease in U.S. federal income taxes upon recognition of the state tax benefits included therein.

In Millions	Fiscal Year	
	2021	2020
Balance, beginning of year	\$ 147.9	\$ 139.1
Tax positions related to current year:		
Additions	20.1	18.7
Tax positions related to prior years:		
Additions	6.3	2.3
Reductions	(7.2)	(6.0)
Settlements	(2.1)	(2.9)
Lapses in statutes of limitations	(19.7)	(3.3)
Balance, end of year	\$ 145.3	\$ 147.9

As of May 30, 2021, we expect to pay approximately \$1.1 million of unrecognized tax benefit liabilities and accrued interest within the next 12 months. We are not able to reasonably estimate the timing of future cash flows beyond 12 months due to uncertainties in the timing of tax audit outcomes. The remaining amount of our unrecognized tax liability was classified in other liabilities.

We report accrued interest and penalties related to unrecognized tax benefit liabilities in income tax expense. For fiscal 2021, we recognized \$2.9 million of tax-related net interest and penalties, and had \$24.9 million of accrued interest and penalties as of May 30, 2021. For fiscal 2020, we recognized \$3.2 million of tax-related net interest and penalties, and had \$27.9 million of accrued interest and penalties as of May 31, 2020.

#### NOTE 16. COMMITMENTS AND CONTINGENCIES

As of May 30, 2021, we have issued guarantees and comfort letters of \$146.6 million for the debt and other obligations of non-consolidated affiliates, mainly CPW. Off-balance sheet arrangements were not material as of May 30, 2021.

During the second quarter of fiscal 2020, we received notice from the tax authorities of the State of São Paulo, Brazil regarding our compliance with its state sales tax requirements. As a result, we have been assessed additional state sales taxes, interest, and penalties. We believe that we have meritorious defenses against this claim and will vigorously defend our position. As of May 30, 2021, we are unable to estimate any possible loss and have not recorded a loss contingency for this matter.

#### NOTE 17. BUSINESS SEGMENT AND GEOGRAPHIC INFORMATION

We operate in the packaged foods industry. Our operating segments are as follows: North America Retail; Europe & Australia; Convenience Stores & Foodservice, Pet; and Asia & Latin America.

Our North America Retail operating segment reflects business with a wide variety of grocery stores, mass merchandisers, membership stores, natural food chains, drug, dollar and discount chains, and e-commerce grocery providers. Our product categories in this business segment are ready-to-eat cereals, refrigerated yogurt, soup, meal kits, refrigerated and frozen dough products, dessert and baking mixes, frozen pizza and pizza snacks, snack bars, fruit snacks, savory snacks, and a wide variety of organic products including ready-to-eat cereal, frozen and shelf-stable vegetables, meal kits, fruit snacks, snack bars, and refrigerated yogurt.

Our Europe & Australia operating segment reflects retail and foodservice businesses in the greater Europe and Australia regions. Our product categories include refrigerated yogurt, meal kits, snack bars, super-premium ice cream, refrigerated and frozen dough products, shelf stable vegetables, and dessert and baking mixes. Revenues from franchise fees are reported in the region or country where the franchisee is located.

Our major product categories in our Convenience Stores & Foodservice operating segment are ready-to-eat cereals, snacks, refrigerated yogurt, frozen meals, unbaked and fully baked frozen dough products, baking mixes, and bakery flour. Many products we sell are branded to the consumer and nearly all are branded to our customers. We sell to distributors and operators in many customer channels including foodservice, convenience stores, vending, and supermarket bakeries in the United States.

Our Pet operating segment includes pet food products sold primarily in the United States in national pet superstore chains, e-commerce retailers, grocery stores, regional pet store chains, mass merchandisers, and veterinary clinics and hospitals. Our product categories include dog and cat food (dry foods, wet foods, and treats) made with whole meats, fruits, and vegetables and other high-quality natural ingredients. Our tailored pet product offerings address specific dietary, lifestyle, and life-stage needs and span different product types, diet types, breed sizes for dogs, lifestages, flavors, product functions and textures, and cuts for wet foods.

Our Asia & Latin America operating segment consists of retail and foodservice businesses in the greater Asia and South America regions. Our product categories include super-premium ice cream and frozen desserts, meal kits, dessert and baking mixes, snack bars, salty snacks, refrigerated and frozen dough products, and wellness beverages. We also sell super-premium ice cream and frozen desserts directly to consumers through owned retail shops. Our Asia & Latin America segment also includes products manufactured in the United States for export, mainly to Caribbean and Latin American markets, as well as products we manufacture for sale to our international joint ventures. Revenues from export activities and franchise fees are reported in the region or country where the end customer or franchisee is located.

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

Our operating segment results were as follows:

In Millions	Fiscal Year		
	2021	2020	2019
Net sales:			
North America Retail	\$ 10,995.4	\$ 10,750.5	\$ 9,925.2
Europe & Australia	1,981.5	1,838.9	1,886.7
Convenience Stores & Foodservice	1,742.4	1,816.4	1,969.1
Pet	1,732.4	1,694.6	1,430.9
Asia & Latin America	1,675.3	1,526.2	1,653.3
<b>Total</b>	<b>\$ 18,127.0</b>	<b>\$ 17,626.6</b>	<b>\$ 16,865.2</b>
Operating profit:			
North America Retail	\$ 2,623.2	\$ 2,627.0	\$ 2,277.2
Europe & Australia	151.0	113.8	123.3
Convenience Stores & Foodservice	306.0	337.2	419.5
Pet	415.0	390.7	268.4
Asia & Latin America	85.6	18.7	72.4
<b>Total segment operating profit</b>	<b>\$ 3,580.8</b>	<b>\$ 3,487.4</b>	<b>\$ 3,160.8</b>
Unallocated corporate items	212.1	509.1	339.8
Divestitures loss	53.5	-	30.0
Restructuring, impairment, and other exit costs	170.4	24.4	275.1
<b>Operating profit</b>	<b>\$ 3,144.8</b>	<b>\$ 2,953.9</b>	<b>\$ 2,515.9</b>

Net sales for our North America Retail operating units were as follows:

In Millions	Fiscal Year		
	2021	2020	2019
U.S. Meals & Baking	\$ 4,611.6	\$ 4,408.5	\$ 3,839.8
U.S. Cereal	2,455.2	2,434.1	2,255.4
U.S. Snacks	2,048.3	2,091.9	2,060.9
Canada	953.2	897.0	862.4
U.S. Yogurt and other	927.1	919.0	906.7
Total	\$ 10,995.4	\$ 10,750.5	\$ 9,925.2

Net sales by class of similar products were as follows:

In Millions	Fiscal Year		
	2021	2020	2019
Snacks	\$ 3,574.2	\$ 3,529.7	\$ 3,487.4
Convenient meals	3,030.2	2,814.3	2,538.6
Cereal	2,868.9	2,874.1	2,672.8
Yogurt	2,074.8	2,056.6	2,113.1
Dough	1,866.1	1,801.1	1,661.9
Pet	1,732.4	1,694.6	812.7
Baking mixes and ingredients	1,695.5	1,674.2	1,663.7
Super-premium ice cream	819.7	718.1	812.7
Vegetables and other	465.2	463.9	484.1
Total	\$ 18,127.0	\$ 17,626.6	\$ 16,865.2

The following tables provide financial information by geographic area:

In Millions	Fiscal Year		
	2021	2020	2019
Net sales:			
United States	\$ 13,496.9	\$ 13,364.5	\$ 12,462.8
Non-United States	4,630.1	4,262.1	4,402.4
Total	\$ 18,127.0	\$ 17,626.6	\$ 16,865.2

In Millions	May 30, 2021		May 31, 2020	
	Cash and cash equivalents:			
United States	\$	817.9	\$	1,112.0
Non-United States		687.3		565.8
Total	\$	1,505.2	\$	1,677.8

In Millions	May 30, 2021		May 31, 2020	
	Land, buildings, and equipment:			
United States	\$	2,714.7	\$	2,761.6
Non-United States		892.1		819.0
Total	\$	3,606.8	\$	3,580.6



**NOTE 18. SUPPLEMENTAL INFORMATION**

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

In Millions	May 30, 2021	May 31, 2020
Receivables:		
Customers	\$ 1,674.5	\$ 1,648.3
Less allowance for doubtful accounts	(36.0)	(33.2)
Total	\$ 1,638.5	\$ 1,615.1

In Millions	May 30, 2021	May 31, 2020
Inventories:		
Finished goods	\$ 1,506.9	\$ 1,142.6
Raw materials and packaging	411.9	392.2
Grain	111.2	93.6
Excess of FIFO over LIFO cost (a)	(209.5)	(202.1)
Total	\$ 1,820.5	\$ 1,426.3

(a) Inventories of \$1,139.7 million as of May 30, 2021, and \$892.6 million as of May 31, 2020, were valued at LIFO. The difference between replacement cost and the stated LIFO inventory value is not materially different from the reserve for the LIFO valuation method.

In Millions	May 30, 2021	May 31, 2020
Prepaid expenses and other current assets:		
Marketable investments	\$ 360.0	\$ -
Prepaid expenses	221.7	194.5
Other receivables	139.1	85.2
Derivative receivables	37.5	70.6
Grain contracts	12.0	5.0
Miscellaneous	20.0	46.8
Total	\$ 790.3	\$ 402.1

In Millions	May 30, 2021	May 31, 2020
Land, buildings, and equipment:		
Equipment	\$ 6,732.7	\$ 6,428.0
Buildings	2,542.7	2,412.6
Capitalized software	718.5	668.5
Construction in progress	395.7	373.5
Land	67.4	66.1
Equipment under finance lease	7.8	5.8
Buildings under finance lease	0.3	0.3
Total land, buildings, and equipment	10,465.1	9,954.8
Less accumulated depreciation	(6,858.3)	(6,374.2)
Total	\$ 3,606.8	\$ 3,580.6

In Millions	May 30, 2021	May 31, 2020
Other assets:		
Investments in and advances to joint ventures	\$ 566.4	\$ 566.7
Right of use operating lease assets	378.6	365.2
Pension assets	30.0	21.2
Life insurance	18.6	19.5
Miscellaneous	274.0	113.2
Total	\$ 1,267.6	\$ 1,085.8

In Millions	May 30, 2021	May 31, 2020
Other current liabilities:		
Accrued trade and consumer promotions	\$ 580.9	\$ 550.4
Accrued payroll	434.4	430.4
Restructuring and other exit costs reserve	148.8	17.8
Current portion of operating lease liabilities	111.2	102.0
Accrued interest, including interest rate swaps	80.0	92.8
Derivative payable, primarily commodity-related	39.2	39.2
Accrued taxes	37.4	80.3
Dividends payable	24.1	20.7
Grain contracts	0.9	1.2
Miscellaneous	330.3	298.5
<b>Total</b>	<b>\$ 1,787.2</b>	<b>\$ 1,633.3</b>

In Millions	May 30, 2021	May 31, 2020
Other noncurrent liabilities:		
Accrued compensation and benefits, including obligations for underfunded other postretirement benefit and postemployment benefit plans	\$ 707.7	\$ 958.7
Noncurrent portion of operating lease liabilities	283.2	277.0
Accrued taxes	215.6	238.6
Miscellaneous	86.2	70.7
<b>Total</b>	<b>\$ 1,292.7</b>	<b>\$ 1,545.0</b>

Certain Consolidated Statements of Earnings amounts are as follows:

In Millions	2021	Fiscal Year 2020	2019
Depreciation and amortization	\$ 601.3	\$ 594.7	\$ 620.1
Research and development expense	239.3	224.4	221.9
Advertising and media expense (including production and communication costs)	736.3	691.8	601.6

The components of interest, net are as follows:

Expense (Income), in Millions	2021	Fiscal Year 2020	2019
Interest expense	\$ 430.9	\$ 475.1	\$ 530.2
Capitalized interest	(3.2)	(2.6)	(2.8)
Interest income	(7.4)	(6.0)	(5.6)
<b>Interest, net</b>	<b>\$ 420.3</b>	<b>\$ 466.5</b>	<b>\$ 521.8</b>

Certain Consolidated Statements of Cash Flows amounts are as follows:

In Millions	2021	Fiscal Year 2020	2019
Cash interest payments	\$ 412.5	\$ 418.5	\$ 500.1
Cash paid for income taxes	636.1	403.3	440.8

**NOTE 19. QUARTERLY DATA (UNAUDITED)**

Summarized quarterly data for fiscal 2021 and fiscal 2020 follows:

In Millions, Except Per Share Amounts	First Quarter Fiscal Year		Second Quarter Fiscal Year		Third Quarter Fiscal Year		Fourth Quarter Fiscal Year	
	2021	2020	2021	2020	2021	2020	2021	2020
Net sales	\$ 4,364.0	\$ 4,002.5	\$ 4,719.4	\$ 4,420.8	\$ 4,520.0	\$ 4,180.3	\$ 4,523.6	\$ 5,023.0
Gross margin	1,590.4	1,389.5	1,721.1	1,569.1	1,553.9	1,403.2	1,582.9	1,768.1
Net earnings attributable to General Mills	638.9	520.6	688.4	580.8	595.7	454.1	416.8	625.7
EPS:								
Basic	\$ 1.04	\$ 0.86	\$ 1.12	\$ 0.96	\$ 0.97	\$ 0.75	\$ 0.68	\$ 1.03
Diluted	\$ 1.03	\$ 0.85	\$ 1.11	\$ 0.95	\$ 0.96	\$ 0.74	\$ 0.68	\$ 1.02

In the fourth quarter of fiscal 2021, we approved restructuring actions designed to better align our organizational structure and resources with strategic initiatives and recorded \$157.3 million of charges. We recorded a loss on the sale of our Laticínios Carolina business in Brazil of \$53.5 million in the fourth quarter of fiscal 2021. In the fourth quarter of fiscal 2021, we recorded \$9.5 million of transaction costs related to our non-binding memorandum of understanding to sell our 51 percent controlling interest in our European Yoplait business and our planned acquisition of Tyson Foods' pet treats business. We also recorded an \$8.8 million gain related to indirect taxes in Brazil and an \$11.2 million loss related to deferred taxes on amendments to reorganize certain U.S. retiree health and welfare benefit plans.

During the fourth quarter of fiscal 2020, we changed the reporting period of our Pet segment from an April fiscal year end to a May fiscal year end to match our fiscal calendar. Accordingly, our fiscal 2020 fourth quarter results include 4 months of Pet segment results compared to 3 months in the fourth quarter of fiscal 2019. The fourth quarter of fiscal 2020 also included an additional week of results across all other segments. In the fourth quarter of fiscal 2020, we recorded \$19.3 million of expense due to a product recall related to our international Green Giant business and \$11.5 million of restructuring charges.

## Glossary

**AOCI.** Accumulated other comprehensive income (loss).

**Adjusted diluted EPS.** Diluted EPS adjusted for certain items affecting year-to-year comparability.

**Adjusted EBITDA.** The calculation of earnings before income taxes and after-tax earnings from joint ventures, net interest, and depreciation and amortization adjusted for certain items affecting year-to-year comparability.

**Adjusted operating profit.** Operating profit adjusted for certain items affecting year-to-year comparability.

**Adjusted operating profit margin.** Operating profit adjusted for certain items affecting year-to-year comparability, divided by net sales.

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

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

**COVID-19.** Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. In March 2020, the World Health Organization declared COVID-19 a global pandemic.

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

**Earnings before interest, taxes, depreciation and amortization (EBITDA).** The calculation of earnings before income taxes and after-tax earnings from joint ventures, net interest, depreciation and amortization.

**Euribor.** European Interbank Offered Rate.

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

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

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

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

**Free cash flow.** Net cash provided by operating activities less purchases of land, buildings, and equipment.

**Free cash flow conversion rate.** Free cash flow divided by our net earnings, including earnings attributable to redeemable and noncontrolling interests adjusted for certain items affecting year-to-year comparability.

**GDP.** Gross domestic product.

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

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

**Gross margin.** Net sales less cost of sales.

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

**Holistic Margin Management (HMM).** Company-wide initiative to use productivity savings, mix management, and price realization to offset input cost inflation, protect margins, and generate funds to reinvest in sales-generating activities.

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

**LIBOR.** London Interbank Offered Rate.

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

**Net debt.** Long-term debt, current portion of long-term debt, and notes payable, less cash and cash equivalents.

**Net debt-to-adjusted EBITDA ratio.** Net debt divided by Adjusted EBITDA.

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

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

**Net realizable value.** The estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

**Noncontrolling interests.** Interests of consolidated subsidiaries held by third parties.

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

**OCI.** Other comprehensive income (loss).

**Operating cash flow conversion rate.** Net cash provided by operating activities, divided by net earnings, including earnings attributable to redeemable and noncontrolling interests.

**Operating cash flow to net debt ratio.** Net debt divided by cash provided by operating activities.

**Organic net sales growth.** Net sales growth adjusted for foreign currency translation, as well as acquisitions, divestitures, and a 53<sup>rd</sup> week impact, when applicable.

**Project-related costs.** Costs incurred related to our restructuring initiatives not included in restructuring charges.

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

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

**Strategic Revenue Management (SRM).** A company-wide capability focused on generating sustainable benefits from net price realization and mix by identifying and executing against specific opportunities to apply tools including pricing, sizing, mix management, and promotion optimization across each of our businesses.

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

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

**Translation adjustments.** The impact of the conversion of our foreign affiliates' financial statements to United States dollars for the purpose of consolidating our financial statements.

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

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

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

None.

#### **ITEM 9A - Controls and Procedures**

We, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the 1934 Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of May 30, 2021, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the 1934 Act is (1) recorded, processed, summarized, and reported within the time periods specified in applicable rules and forms, and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the 1934 Act) during our fiscal quarter ended May 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

The management of General Mills, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the 1934 Act. The Company's internal control system was designed to provide reasonable assurance to our management and the Board of Directors regarding the preparation and fair presentation of published financial statements. Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of May 30, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control – Integrated Framework (2013)*.

Based on our assessment using the criteria set forth by COSO in *Internal Control – Integrated Framework (2013)*, management concluded that our internal control over financial reporting was effective as of May 30, 2021.

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

/s/ J. L. Harmening

/s/ K. A. Bruce

J. L. Harmening  
Chief Executive Officer

K. A. Bruce  
Chief Financial Officer

June 30, 2021

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

#### **ITEM 9B - Other Information**

None.

### **PART III**

#### **ITEM 10 - Directors, Executive Officers and Corporate Governance**

The information contained in the sections entitled "Proposal Number 1 - Election of Directors" and "Shareholder Director Nominations" contained in our definitive Proxy Statement for our 2021 Annual Meeting of Shareholders is incorporated herein by reference.

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

The information regarding our Audit Committee, including the members of the Audit Committee and audit committee financial experts, set forth in the section entitled “Board Committees and Their Functions” contained in our definitive Proxy Statement for our 2021 Annual Meeting of Shareholders is incorporated herein by reference.

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

#### ITEM 11 - Executive Compensation

The information contained in the sections entitled “Executive Compensation,” “Director Compensation,” and “Overseeing Risk Management” in our definitive Proxy Statement for our 2021 Annual Meeting of Shareholders is incorporated herein by reference.

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

The information contained in the section entitled “Ownership of General Mills Common Stock by Directors, Officers and Certain Beneficial Owners” in our definitive Proxy Statement for our 2021 Annual Meeting of Shareholders is incorporated herein by reference.

#### Equity Compensation Plan Information

The following table provides certain information as of May 30, 2021, with respect to our equity compensation plans:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (2) (a)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (1)) (3)
Equity compensation plans approved by security holders	24,887,956 (b)	\$ 53.29	23,482,523 (d)
Equity compensation plans not approved by security holders	109,604 (c)	-	-
<b>Total</b>	<b>24,997,560</b>	<b>\$ 53.29</b>	<b>23,482,523</b>

(a) Only includes the weighted-average exercise price of outstanding options, whose weighted-average term is 5.26 years.

(b) Includes 17,397,504 stock options, 3,992,705 restricted stock units, 1,177,652 performance share units (assuming pay out for target performance), and 2,320,095 restricted stock units that have vested and been deferred.

(c) Includes 109,604 restricted stock units that have vested and been deferred. These awards were made in lieu of salary increases and certain other compensation and benefits. We granted these awards under our 1998 Employee Stock Plan, which provided for the issuance of stock options, restricted stock, and restricted stock units to attract and retain employees and to align their interests with those of shareholders. We discontinued the 1998 Employee Stock Plan in September 2003, and no future awards may be granted under that plan.

(d) Includes stock options, restricted stock, restricted stock units, shares of unrestricted stock, stock appreciation rights, and performance awards that we may award under our 2017 Stock Compensation Plan, which had 23,482,523 shares available for grant at May 30, 2021.

#### ITEM 13 - Certain Relationships and Related Transactions, and Director Independence

The information set forth in the section entitled “Board Independence and Related Person Transactions” contained in our definitive Proxy Statement for our 2021 Annual Meeting of Shareholders is incorporated herein by reference.

#### ITEM 14 - Principal Accounting Fees and Services

The information contained in the section entitled “Independent Registered Public Accounting Firm Fees” in our definitive Proxy Statement for our 2021 Annual Meeting of Shareholders is incorporated herein by reference.

## **PART IV**

### **ITEM 15 – Exhibits and Financial Statement Schedules**

#### **1. Financial Statements:**

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

Consolidated Statements of Earnings for the fiscal years ended May 30, 2021, May 31, 2020, and May 26, 2019.

Consolidated Statements of Comprehensive Income for the fiscal years ended May 30, 2021, May 31, 2020, and May 26, 2019.

Consolidated Balance Sheets as of May 30, 2021 and May 31, 2020.

Consolidated Statements of Cash Flows for the fiscal years ended May 30, 2021, May 31, 2020, and May 26, 2019.

Consolidated Statements of Total Equity and Redeemable Interest for the fiscal years ended May 30, 2021, May 31, 2020, and May 26, 2019.

Notes to Consolidated Financial Statements.

Report of Management Responsibilities.

Report of Independent Registered Public Accounting Firm.

#### **2. Financial Statement Schedule:**

For the fiscal years ended May 30, 2021, May 31, 2020, and May 26, 2019:

II – Valuation and Qualifying Accounts



3. Exhibits:

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">3.1</a>	Restated Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2009).
<a href="#">3.2</a>	By-laws of the Company (incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed March 8, 2016).
<a href="#">4.1</a>	Indenture, dated as of February 1, 1996, between the Company and U.S. Bank National Association (f/k/a First Trust of Illinois, National Association) (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 filed February 6, 1996 (File no. 333-00745)).
<a href="#">4.2</a>	First Supplemental Indenture, dated as of May 18, 2009, between the Company and U.S. Bank National Association (incorporated herein by reference to Exhibit 4.2 to Registrant's Annual Report on Form 10-K for the fiscal year ended May 31, 2009).
<a href="#">4.3</a>	Description of the Company's registered securities.
<a href="#">10.1*</a>	2001 Compensation Plan for Non-Employee Directors (incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 29, 2010).
<a href="#">10.2*</a>	2006 Compensation Plan for Non-Employee Directors (incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 29, 2010).
<a href="#">10.3*</a>	2009 Stock Compensation Plan (incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 29, 2010).
<a href="#">10.4*</a>	2011 Stock Compensation Plan (incorporated herein by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2015).
<a href="#">10.5*</a>	2011 Compensation Plan for Non-Employee Directors (incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 27, 2011).
<a href="#">10.6*</a>	2016 Compensation Plan for Non-Employee Directors (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 27, 2016).
<a href="#">10.7*</a>	Executive Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 28, 2010).
<a href="#">10.8*</a>	Separation Pay and Benefits Program for Officers (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended February 23, 2020).
<a href="#">10.9*</a>	Supplemental Savings Plan (incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2021).
<a href="#">10.10*</a>	Supplemental Retirement Plan (Grandfathered) (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2021).
<a href="#">10.11*</a>	2005 Supplemental Retirement Plan (incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2021).
<a href="#">10.12*</a>	Deferred Compensation Plan (Grandfathered) (incorporated herein by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended February 22, 2009).
<a href="#">10.13*</a>	2005 Deferred Compensation Plan (incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2021).

- [10.14](#)\* Executive Survivor Income Plan (incorporated herein by reference to Exhibit 10.6 to the Company’s Annual Report on Form 10-K for the fiscal year ended May 29, 2005).
- [10.15](#)\* Supplemental Benefits Trust Agreement, amended and restated as of September 26, 1988, between the Company and Norwest Bank Minnesota, N.A. (incorporated herein by reference to Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended November 27, 2011).
- [10.16](#)\* Supplemental Benefits Trust Agreement, dated September 26, 1988, between the Company and Norwest Bank Minnesota, N.A. (incorporated herein by reference to Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended November 27, 2011).
- [10.17](#)\* Form of Performance Share Unit Award Agreement (incorporated herein by reference to Exhibit 10.18 to the Company’s Annual Report on Form 10-K for the fiscal year ended May 27, 2018).
- [10.18](#)\* Form of Stock Option Agreement (incorporated herein by reference to Exhibit 10.19 to the Company’s Annual Report on Form 10-K for the fiscal year ended May 27, 2018).
- [10.19](#)\* Form of Restricted Stock Unit Agreement (incorporated herein by reference to Exhibit 10.20 to the Company’s Annual Report on Form 10-K for the fiscal year ended May 27, 2018).
- [10.20](#)\* Deferred Compensation Plan for Non-Employee Directors (incorporated herein by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended November 26, 2017).
- [10.21](#)\* 2017 Stock Compensation Plan (incorporated herein by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended November 26, 2017).
- [10.22](#)\* Supplemental Retirement Plan I (Grandfathered) (incorporated herein by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2021).
- [10.23](#)\* Supplemental Retirement Plan I (incorporated herein by reference to Exhibit 10.6 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2021).
- [10.24](#) Agreements, dated November 29, 1989, by and between the Company and Nestle S.A. (incorporated herein by reference to Exhibit 10.15 to the Company’s Annual Report on Form 10-K for the fiscal year ended May 28, 2000).
- [10.25](#) Protocol of Cereal Partners Worldwide, dated November 21, 1989, and Addendum No. 1 to Protocol, dated February 9, 1990, between the Company and Nestle S.A. (incorporated herein by reference to Exhibit 10.16 to the Company’s Annual Report on Form 10-K for the fiscal year ended May 27, 2001).
- [10.26](#) Addendum No. 2 to the Protocol of Cereal Partners Worldwide, dated March 16, 1993, between the Company and Nestle S.A. (incorporated herein by reference to Exhibit 10.18 to the Company’s Annual Report on Form 10-K for the fiscal year ended May 30, 2004).
- [10.27](#) Addendum No. 3 to the Protocol of Cereal Partners Worldwide, effective as of March 15, 1993, between the Company and Nestle S.A. (incorporated herein by reference to Exhibit 10.2 to the Company’s Annual Report on Form 10-K for the fiscal year ended May 28, 2000).
- [10.28](#)+ Addendum No. 4, effective as August 1, 1998, and Addendum No. 5, effective as April 1, 2000, to the Protocol of Cereal Partners Worldwide between the Company and Nestle S.A. (incorporated herein by reference to Exhibit 10.26 to the Company’s Annual Report on Form 10-K for the fiscal year ended May 31, 2009).
- [10.29](#) Addendum No. 10 to the Protocol of Cereal Partners Worldwide, effective January 1, 2010, among the Company, Nestle S.A., and CPW S.A. (incorporated herein by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2010).

- [10.30](#)+ Addendum No. 11 to the Protocol of Cereal Partners Worldwide, effective July 17, 2012, among the Company, Nestle S.A., and CPW S.A. (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended August 26, 2012).
- [10.31](#) Five-Year Credit Agreement, dated as of April 12, 2021, among the Company, the several financial institutions from time to time party to the agreement, and Bank of America, N.A., as Administrative Agent (incorporated herein by reference to Exhibit 10 to the Company's Current Report on Form 8-K filed April 15, 2021).
- [21.1](#) Subsidiaries of the Company.
- [23.1](#) Consent of Independent Registered Public Accounting Firm.
- [31.1](#) Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- [31.2](#) Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- [32.1](#) Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- [32.2](#) Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following materials from the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2020 formatted in Inline Extensible Business Reporting Language: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Earnings; (iii) the Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Total Equity and Redeemable Interest; (v) the Consolidated Statements of Cash Flows; (vi) the Notes to Consolidated Financial Statements; and (vii) Schedule II – Valuation of Qualifying Accounts.
- 104 Cover Page, formatted in Inline Extensible Business Reporting Language and contained in Exhibit 101.

\* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15 of Form 10-K.

+ Confidential information has been omitted from the exhibit and filed separately with the SEC pursuant to Rule 24b-2 of the Securities Exchange Act of 1934.

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

#### **ITEM 16 - Form 10-K Summary**

Not Applicable.

## Signatures

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

GENERAL MILLS, INC.

Date: June 30, 2021  
By: /s/ Mark A. Pallot  
Name: Mark A. Pallot  
Title: Vice President, Chief Accounting Officer

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

Signature	Title	Date
<u>/s/ Jeffrey L. Harmening</u> Jeffrey L. Harmening	Chairman of the Board, Chief Executive Officer, and Director (Principal Executive Officer)	June 30, 2021
<u>/s/ Kofi A. Bruce</u> Kofi A. Bruce	Chief Financial Officer (Principal Financial Officer)	June 30, 2021
<u>/s/ Mark A. Pallot</u> Mark A. Pallot	Vice President, Chief Accounting Officer (Principal Accounting Officer)	June 30, 2021
<u>/s/ R. Kerry Clark</u> R. Kerry Clark	Director	June 30, 2021
<u>/s/ David M. Cordani</u> David M. Cordani	Director	June 30, 2021
<u>/s/ Roger W. Ferguson Jr.</u> Roger W. Ferguson Jr.	Director	June 30, 2021
<u>/s/ Maria G. Henry</u> Maria G. Henry	Director	June 30, 2021
<u>/s/ Jo Ann Jenkins</u> Jo Ann Jenkins	Director	June 30, 2021
<u>/s/ Elizabeth C. Lempres</u> Elizabeth C. Lempres	Director	June 30, 2021
<u>/s/ Diane L. Neal</u> Diane L. Neal	Director	June 30, 2021
<u>/s/ Steve Odland</u> Steve Odland	Director	June 30, 2021
<u>/s/ Maria A. Sastre</u> Maria A. Sastre	Director	June 30, 2021
<u>/s/ Eric D. Sprunk</u> Eric D. Sprunk	Director	June 30, 2021
<u>/s/ Jorge A. Uribe</u> Jorge A. Uribe	Director	June 30, 2021

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

In Millions	Fiscal Year		
	2021	2020	2019
<b>Allowance for doubtful accounts:</b>			
Balance at beginning of year	\$ 33.2	\$ 28.8	\$ 28.4
Additions charged to expense	25.7	25.9	23.9
Bad debt write-offs	(29.9)	(22.9)	(22.7)
Other adjustments and reclassifications	7.0	1.4	(0.8)
Balance at end of year	\$ 36.0	\$ 33.2	\$ 28.8
<b>Valuation allowance for deferred tax assets:</b>			
Balance at beginning of year	\$ 214.2	\$ 213.7	\$ 176.0
Additions charged to expense	9.1	4.2	(5.2)
Adjustments due to acquisitions, translation of amounts, and other	5.9	(3.7)	42.9
Balance at end of year	\$ 229.2	\$ 214.2	\$ 213.7
<b>Reserve for restructuring and other exit charges:</b>			
Balance at beginning of year	\$ 17.8	\$ 36.5	\$ 66.8
Additions charged to expense, including translation amounts	143.9	(2.5)	11.6
Net amounts utilized for restructuring activities	(12.9)	(16.2)	(41.9)
Balance at end of year	\$ 148.8	\$ 17.8	\$ 36.5
<b>Reserve for LIFO valuation:</b>			
Balance at beginning of year	\$ 202.1	\$ 213.5	\$ 213.2
Increase (decrease)	7.4	(11.4)	0.3
Balance at end of year	\$ 209.5	\$ 202.1	\$ 213.5

**DESCRIPTION OF THE REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

As of May 30, 2021, General Mills, Inc. ("General Mills," the "Company," "we," "us," and "our") had four classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): Common Stock, \$.10 par value; 1.000% Notes due 2023; 0.450% Notes due 2026; and 1.500% Notes due 2027.

**DESCRIPTION OF COMMON STOCK**

The following description of our Common Stock and our cumulative preference stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Restated Certificate of Incorporation (the "Certificate of Incorporation") and our By-laws, as amended (the "By-laws"), each of which are incorporated by reference as an exhibit to our most recent Annual Report on Form 10-K. We encourage you to read our Certificate of Incorporation, our By-laws and the applicable provisions of the General Corporation Law of the State of Delaware ("DGCL") for additional information.

**General**

Our Certificate of Incorporation currently authorizes the issuance of one billion shares of our Common stock, par value \$0.10 per share, and five million shares of cumulative preference stock, without par value, issuable in series. Our Common Stock is listed and principally traded on the New York Stock Exchange under the symbol "GIS." All outstanding shares of our Common Stock are fully paid and nonassessable.

**Dividend Rights**

The holders of Common Stock are entitled to receive dividends when and as declared by our Board of Directors out of funds legally available for that purpose, provided that if any shares of preference stock are at the time outstanding, the payment of dividends on Common Stock or other distributions (including purchases of Common Stock) may be subject to the declaration and payment of full cumulative dividends, and the absence of overdue amounts in any mandatory sinking fund, on outstanding shares of preference stock.

**Voting Rights**

The holders of Common Stock are entitled to one vote for each share on all matters voted on by stockholders, including the election of directors, subject to the voting rights of any preference stock then outstanding. The holders of Common Stock are not entitled to cumulative voting of their shares in the election of directors. Directors are to be elected by a majority of the votes cast by the holders of Common Stock entitled to vote and present in person or represented by proxy, provided that if the number of nominees standing for election at any meeting of the stockholders exceeds the number of directors to be elected, the directors will be elected by a plurality of the votes cast. Except as provided by law, all other matters are to be decided by a vote of a majority of votes cast by the holders of Common Stock entitled to vote and present in person or represented by proxy.

**Liquidation Rights**

In the event of liquidation, dissolution or winding up of the Company, holders of Common Stock are entitled to share ratably in any assets remaining after the satisfaction in full of the prior rights of creditors, including holders of our indebtedness, and the aggregate liquidation preference of any preference stock then outstanding.

**Other Rights and Preferences**

The holders of Common Stock do not have any conversion rights or any preemptive rights to subscribe for stock or any other securities of the Company. There are no redemption or sinking fund provisions applicable to our Common Stock.

**Effect of Preference Shares**

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Our Board of Directors is authorized to approve the issuance of one or more series of preference stock without further authorization of our stockholders and to fix the number of shares, the designations, the relative rights and the limitations of any series of preference stock. As a result, our Board of Directors, without stockholder approval, could authorize the issuance of preference stock with voting, conversion and other rights that could proportionately reduce, minimize or otherwise adversely affect the voting power and other rights of holders of Common Stock or other series of preference stock or that could have the effect of delaying, deferring or preventing a change in our control.

### **Transfer Agent**

The transfer agent for Common Stock is Equiniti Trust Company.

### **DESCRIPTION OF 1.000% NOTES DUE 2023 0.450% NOTES DUE 2026 1.500% NOTES DUE 2027**

The following description of our 1.000% Notes due 2023 (the “2023 Notes”), 0.450% Notes due 2026 (the “2026 Notes”) and 1.500% Notes due 2027 (the “2027 Notes,” and together with the 2023 Notes and 2026 Notes, the “Notes”) is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to the Indenture, dated as of February 1, 1996, between General Mills and U.S. Bank National Association (f/k/a First Trust of Illinois, National Association), as supplemented by the First Supplemental Indenture, dated as of May 18, 2009, between General Mills and U.S. Bank National Association (together the “Indenture”), which are incorporated by reference as exhibits to our most recent Annual Report on Form 10-K, and, as applicable, the Officers’ Certificate for the 2023 Notes, incorporated herein by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K dated April 24, 2015, the Officers’ Certificate for the 2026 Notes, incorporated herein by reference to Exhibit 4 to the Company’s Current Report on Form 8-K dated January 15, 2020, and the Officers’ Certificate for the 2027 Notes, incorporated herein by reference to Exhibit 4.2 to the Company’s Current Report on Form 8-K dated April 24, 2015. We encourage you to read the Indenture and the Officers’ Certificates for additional information. References in this section to the “Company,” “us,” “we” and “our” are solely to General Mills and not to any of its subsidiaries, unless the context requires otherwise.

### **General**

We issued €500,000,000 aggregate principal amount of our 2023 Notes and €400,000,000 aggregate principal amount of our 2027 Notes on April 27, 2015, and €600,000,000 aggregate principal amount of our 2026 Notes on January 15, 2020. The 2023 Notes, 2026 Notes and 2027 Notes are listed and principally traded on the New York Stock Exchange under the symbols “GIS23A,” “GIS26” and “GIS27,” respectively. As of May 30, 2021, €500,000,000 aggregate principal amount of the 2023 Notes, €600,000,000 aggregate principal amount of the 2026 Notes and €400,000,000 aggregate principal amount of the 2027 Notes were outstanding.

The Notes were each issued as a separate series of securities under the Indenture. The Notes and the Indenture are governed by, and are to be construed in accordance with, the laws of the State of New York applicable to agreements made and to be performed wholly within the State of New York.

### **Interest and Maturity**

The 2023 Notes will mature on April 27, 2023, the 2026 Notes will mature on January 15, 2026, and the 2027 Notes will mature on April 27, 2027. We will pay interest on the 2023 Notes at the rate of 1.000% per year annually in arrears on April 27 of each year, beginning April 27, 2016, to holders of record on the preceding April 12. We will pay interest on the 2026 Notes at the rate of 0.450% per year annually in arrears on January 15 of each year, beginning January 15, 2021, to holders of record on the preceding January 1. We will pay interest on the 2027 Notes at the rate of 1.500% per year annually in arrears on April 27 of each year, beginning April 27, 2016, to holders of record on the preceding April 12. Interest payments for the 2023 and 2027 Notes include accrued interest from and including April 27, 2015 or from and including the last date in respect of which interest has been paid or provided for, as the case may be, to but excluding the next interest payment date or the date of maturity, as the case may be. Interest payments for the 2026 Notes include accrued interest from and including January 15, 2020 or from and including the last date in respect of which interest has been paid or provided for, as the case may be, to but excluding the interest payment date or the date of maturity, as the case may be. Interest payable at the maturity of the Notes will be payable to the registered holders of the Notes to whom the principal is payable.

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Interest on the Notes is computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the Notes, to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association. If any interest payment date on the Notes falls on a day that is not a business day, the interest payment will be postponed to the next day that is a business day, and no interest on that payment will accrue for the period from and after the interest payment date. If the maturity date of the Notes falls on a day that is not a business day, the payment of interest and principal will be made on the next succeeding business day, and no interest on such payment will accrue for the period from and after the maturity date.

“Business day” means any day that is not a Saturday or Sunday and that is not a day on which banking institutions are authorized or obligated by law or executive order to close in the City of New York or London and on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, operates.

### **Payments in Euro**

All payments of interest and principal, including payments made upon any redemption of the Notes, is payable in euro. If the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the Notes will be made in dollars until the euro is again available to us or so used. The amount payable on any date in euro is converted into dollars on the basis of the most recently available market exchange rate for euro. Any payment in respect of the Notes so made in dollars will not constitute an event of default under the Notes or the Indenture governing the Notes. Neither the trustee nor the paying agent shall have any responsibility for any calculation or conversion in connection with the foregoing.

### **Issuance of Additional Notes**

We may, without the consent of the holders of Notes, issue additional Notes having the same ranking and the same interest rate, maturity and other terms as a series of the Notes (except for the public offering price and issue date and, in some cases, the first interest payment date). Any additional Notes, together with the Notes with the same terms, will constitute a single series of Notes under the Indenture; provided that, if the additional Notes are not fungible with the Notes in this offering for United States federal income tax purposes, the additional Notes will have different ISIN and CUSIP numbers. No additional Notes of a series may be issued if an event of default has occurred with respect to that series of Notes.

### **Ranking**

The Notes are our unsecured and unsubordinated obligations. The Notes rank equal in priority with all of our existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness. The Notes effectively rank junior to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. In addition, because the Notes are only our obligation and are not guaranteed by our subsidiaries, creditors of each of our subsidiaries, including trade creditors and owners of preferred equity of our subsidiaries, generally will have priority with respect to the assets and earnings of the subsidiary over the claims of our creditors, including holders of the Notes. The Notes, therefore, are effectively subordinated to the claims of creditors, including trade creditors, of our subsidiaries, and to claims of owners of preferred equity of our subsidiaries.

### **Redemption**

As discussed below, we may redeem the Notes before they mature. The Notes to be redeemed will stop bearing interest on the redemption date. We will give holders of Notes between 15 and 45 days' notice before the redemption date.

We are not required (i) to register, transfer or exchange the Notes during the period from the opening of business 15 days before the day a notice of redemption relating to the Notes selected for redemption is sent to the close of business on the day that notice is sent, or (ii) to register, transfer or exchange any Notes so selected for redemption, except for the unredeemed portion of any Notes being redeemed in part.

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We may redeem the Notes, in whole or in part, at any time and from time to time. The redemption price for the 2023 Notes to be redeemed on any redemption date that is prior to January 27, 2023 (the date that is three months prior to the maturity date) will be equal to the greater of (1) 100% of the principal amount of the 2023 Notes to be redeemed and (2) as determined by an independent investment bank selected by us, the sum of the present values of the remaining scheduled payments of principal and interest on the 2023 notes to be redeemed (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate (as defined below) plus 20 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The redemption price for the 2023 Notes to be redeemed on any redemption date that is on or after January 27, 2023 (the date that is three months prior to the maturity date) will be equal to 100% of the principal amount of the 2023 Notes being redeemed on the redemption date, plus accrued and unpaid interest on the 2023 Notes to the date of redemption. The redemption price for the 2026 Notes to be redeemed on any redemption date that is prior to October 15, 2025 (the date that is three months prior to the maturity date) will be equal to the greater of (1) 100% of the principal amount of the 2026 Notes to be redeemed and (2) as determined by an independent investment bank selected by us, the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate (as defined below) plus 15 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The redemption price for the 2026 Notes to be redeemed on any redemption date that is on or after October 15, 2025 (the date that is three months prior to the maturity date) will be equal to 100% of the principal amount of the notes being redeemed on the redemption date, plus accrued and unpaid interest on the notes to the date of redemption. The redemption price for the 2027 Notes to be redeemed on any redemption date that is prior to January 27, 2027 (the date that is three months prior to the maturity date) will be equal to the greater of (1) 100% of the principal amount of the 2027 Notes to be redeemed and (2) as determined by an independent investment bank selected by us, the sum of the present values of the remaining scheduled payments of principal and interest on the 2027 Notes to be redeemed (excluding any portion of such payments of interest accrued as of the date of redemption) discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate plus 25 basis points, plus, in each case, accrued and unpaid interest to the date of redemption. The redemption price for the 2027 Notes to be redeemed on any redemption date that is on or after January 27, 2027 (the date that is three months prior to the maturity date) will be equal to 100% of the principal amount of the 2027 Notes being redeemed on the redemption date, plus accrued and unpaid interest on the 2027 Notes to the date of redemption. In any case, the principal amount of a Notes remaining outstanding after a redemption in part shall be €100,000 or an integral multiple of €1,000 in excess thereof.

In connection with such optional redemption of Notes, the following defined terms apply:

- “Comparable Government Bond Rate” means the yield to maturity, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), on the third business day prior to the date fixed for redemption, of the Comparable Government Bond (as defined below) on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by an independent investment bank selected by us.
- “Comparable Government Bond” means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by us, a German government bond whose maturity is closest to the maturity of the Notes to be redeemed, or if such independent investment bank in its discretion determines that such similar bond is not in issue, such other German government bond as such independent investment bank may, with the advice of three brokers of, and/or market makers in, German government bonds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

The Notes are also subject to redemption prior to maturity if certain events occur involving United States taxation. If any of these special tax events occur, the Notes may be redeemed at a redemption price of 100% of their principal amount plus accrued and unpaid interest to the date fixed for redemption. See “Redemption for Tax Reasons.”

#### **Payment of Additional Amounts**

We will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes such additional amounts as are necessary in order that the net payment of the principal of and interest on the Notes to a holder of the Notes (or the beneficial owner for whose benefit such holder holds the Notes) who is not a United States person (as defined below), after withholding or deduction for any present or future tax, assessment or other governmental charge imposed by the United States or a taxing authority in the United States, will not be less than the amount provided in the Notes to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts shall not apply:

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(1) to any tax, assessment or other governmental charge that is imposed by reason of the holder (or the beneficial owner for whose benefit such holder holds such note), or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;

(b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the Notes or the receipt of any payment or the enforcement of any rights thereunder), including being or having been a citizen or resident of the United States;

(c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States income tax purposes or a corporation that has accumulated earnings to avoid United States federal income tax;

(d) being or having been a "10-percent shareholder" of the Company as defined in section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision; or

(e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;

(2) to any holder that is not the sole beneficial owner of the Notes, or a portion of the Notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficial owner with respect to the holder, a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

(3) to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of the Notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by us or an applicable paying or withholding agent from the payment;

(5) to any tax, assessment or other governmental charge that would not have been imposed but for a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(6) to any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;

(7) with respect to the 2023 and 2027 Notes, to any withholding or deduction that is imposed on a payment to an individual and that is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Union Directive on the taxation of savings;

(8) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any note, if such payment can be made without such withholding by at least one other paying agent;

(9) to any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of any note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(10) with respect to the 2023 and 2027 Notes, to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the beneficial owner being a bank (i) purchasing the Notes in the ordinary course of its lending business or (ii) that is neither (A) buying the Notes for investment purposes only nor (B) buying the Notes for resale to a third-party that either is not a bank or holding the Notes for investment purposes only;

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(11) to any tax, assessment or other governmental charge imposed under Sections 1471 through 1474 of the Code (or any amended or successor provisions), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code; or

(12) in the case of any combination of items (1), (2), (3), (4), (5), (6), (7), (8), (9), (10) and (11).

The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to the Notes. Except as specifically provided under this heading “Payment of Additional Amounts,” we are not required to make any payment for any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

As used under this heading “Payment of Additional Amounts” and under the heading “Redemption for Tax Reasons”, the term “United States” means the United States of America, the states of the United States, and the District of Columbia, and the term “United States person” means any individual who is a citizen or resident of the United States for United States federal income tax purposes, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state of the United States or the District of Columbia, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source.

With respect to the 2023 and 2027 Notes, to the extent permitted by law, we will maintain a paying agent in a Member State of the European Union (if any) that will not require withholding or deduction of tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such European Council Directive.

#### **Redemption for Tax Reasons**

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States (or any taxing authority in the United States), or any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings, we become or, based upon a written opinion of independent counsel selected by us, will become obligated to pay additional amounts as described under the heading “Payment of Additional Amounts” with respect to the Notes, then we may at any time at our option redeem, in whole, but not in part, any series of the Notes on not less than 15 nor more than 45 days’ prior notice, at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest on such Notes to, but not including, the date fixed for redemption.

#### **Change of Control Offer to Purchase**

If a change of control triggering event occurs, holders of Notes may require us to repurchase all or any part (equal to an integral multiple of €1,000) of their Notes at a purchase price of 101% of the principal amount, plus accrued and unpaid interest, if any, on such Notes to the date of purchase (unless a notice of redemption has been mailed within 30 days after such change of control triggering event stating that all of the Notes of such series will be redeemed as described above); provided that the principal amount of a Note remaining outstanding after a repurchase in part shall be €100,000 or an integral multiple of €1,000 in excess thereof. We are required to mail to holders of the Notes a notice describing the transaction or transactions constituting the change of control triggering event and offering to repurchase the Notes. The notice must be mailed within 30 days after any change of control triggering event, and the repurchase must occur no earlier than 30 days and no later than 60 days after the date the notice is mailed.

On the date specified for repurchase of the Notes, we will, to the extent lawful:

- accept for payment all properly tendered Notes or portions of Notes;
  - deposit with the paying agent the required payment for all properly tendered Notes or portions of Notes; and
  - deliver to the trustee the repurchased Notes, accompanied by an officers’ certificate stating, among other things, the aggregate principal amount of repurchased Notes.
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We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended, and any other securities laws and regulations applicable to the repurchase of the Notes. To the extent that these requirements conflict with the provisions requiring repurchase of the Notes, we will comply with these requirements instead of the repurchase provisions and will not be considered to have breached our obligations with respect to repurchasing the Notes. Additionally, if an event of default exists under the Indenture (which is unrelated to the repurchase provisions of the Notes), including events of default arising with respect to other issues of debt securities, we will not be required to repurchase the Notes notwithstanding these repurchase provisions.

We will not be required to comply with the obligations relating to repurchasing the Notes if a third party instead satisfies them.

For purposes of the repurchase provisions of the Notes, the following terms are applicable:

“*Change of control*” means the occurrence of any of the following: (a) the consummation of any transaction (including, without limitation, any merger or consolidation) resulting in any “person” (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) (other than us or one of our subsidiaries) becoming the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of our voting stock or other voting stock into which our voting stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (b) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in a transaction or a series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to one or more “persons” (as that term is defined in the Indenture) (other than us or one of our subsidiaries); or (c) the first day on which a majority of the members of our Board of Directors are not continuing directors. Notwithstanding the foregoing, a transaction will not be considered to be a change of control if (a) we become a direct or indirect wholly-owned subsidiary of a holding company and (b)(y) immediately following that transaction, the direct or indirect holders of the voting stock of the holding company are substantially the same as the holders of our voting stock immediately prior to that transaction or (z) immediately following that transaction no person is the beneficial owner, directly or indirectly, of more than 50% of the voting stock of the holding company.

“*Change of control triggering event*” means the occurrence of both a change of control and a rating event.

“*Continuing directors*” means, as of any date of determination, any member of our Board of Directors who (a) was a member of the Board of Directors on the date the Notes were issued or (b) was nominated for election, elected or appointed to the Board of Directors with the approval of a majority of the continuing directors who were members of the Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

“*Fitch*” means Fitch Ratings.

“*Investment grade rating*” means a rating equal to or higher than BBB- (or the equivalent) by Fitch, Baa3 (or the equivalent) by Moody’s and BBB- (or the equivalent) by S&P, and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by us.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Rating agencies*” means (a) each of Fitch, Moody’s and S&P; and (b) if any of Fitch, Moody’s or S&P ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of our control, a “nationally recognized statistical rating organization” (as defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended) selected by us as a replacement rating agency for a former rating agency.

“*Rating event*” means the rating on the Notes is lowered by each of the rating agencies and the Notes are rated below an investment grade rating by each of the rating agencies on any day within the 60-day period (which 60-day period will be extended so long as the rating of the Notes is under publicly announced consideration for a possible downgrade by any of the rating agencies) after the earlier of (a) the occurrence of a change of control and (b) public notice of the occurrence of a change of control or our intention to effect a change of control; provided that a rating event will not be deemed to have occurred in respect of a particular change of control (and thus will not be deemed a rating event for purposes of the definition of change of control triggering event) if each rating agency making the reduction in rating does not publicly announce or confirm or inform the trustee in writing at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the change of control (whether or not the applicable change of control has occurred at the time of the rating event).

“*S&P*” means S&P Global Ratings, a division of S&P Global Inc., and its successors.

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“*Voting stock*” means, with respect to any specified “person” (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) as of any date, the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

### **Sinking Fund**

The Notes are not subject to, or entitled to the benefit of, any sinking fund.

### **Conversion or Exchange Rights**

The Notes are not convertible or exchangeable for shares of our common stock or other securities.

### **Certain Restrictive Covenants**

The Indenture contains restrictive covenants that apply the Notes, the most significant of which are described below.

#### ***Limitation on Liens on Major Property and United States and Canadian Operating Subsidiaries***

Some of our property may be subject to a mortgage or other legal mechanism that gives our lenders preferential rights in that property over other lenders, including direct holders of the Notes, or over our general creditors, if we fail to pay them back. These preferential rights are called “liens.” The Indenture restricts our ability to create, issue, assume, incur or guarantee any indebtedness for borrowed money that is secured by a mortgage, pledge, lien, security interest or other encumbrance on:

- any flour mill, manufacturing or packaging plant or research laboratory located in the United States or Canada owned by us or one of our current or future United States or Canadian operating subsidiaries; or
- any stock or debt issued by one of our current or future United States or Canadian operating subsidiaries

unless we also secure all the Notes that are still outstanding under the Indenture equally with the indebtedness being secured. This promise does not restrict our ability to sell or otherwise dispose of our interests in any United States or Canadian operating subsidiary.

These requirements do not apply to liens:

- existing on February 1, 1996 and any extensions, renewals or replacements of those liens;
  - relating to the construction, improvement or purchase of a flour mill, plant or laboratory;
  - in favor of us or one of our United States or Canadian operating subsidiaries;
  - in favor of governmental units for financing construction, improvement or purchase of our property;
  - existing on any property, stock or debt existing at the time we acquire it, including liens on property, stock or debt of a United States or Canadian operating subsidiary at the time it became our United States or Canadian operating subsidiary;
  - relating to the sale of our property;
  - for work done on our property;
  - relating to workers’ compensation, unemployment insurance and similar obligations;
  - relating to litigation or legal judgments;
  - for taxes, assessments or governmental charges not yet due; or
  - consisting of easements or other restrictions, defects in title or encumbrances on our real property.
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- where we merge out of existence or sell or lease substantially all our assets, the other company must be a corporation, limited liability company, partnership or trust organized under the laws of a state or the District of Columbia or under United States federal law and it must expressly agree in a supplemental indenture to be legally responsible for the Notes; and
- the merger, sale of assets or other transaction must not bring about a default on the Notes (for purposes of this test, a default would include an event of default described below under “Default and Related Matters” and any event that would be an event of default if the requirements for giving us notice of our default or our default having to exist for a specific period of time were disregarded).

There is no precise, established definition of what would constitute a sale or lease of substantially all of our assets under applicable law and, accordingly, there may be uncertainty as to whether a sale or lease of less than all of our assets would subject us to this provision.

If we merge out of existence or transfer (except through a lease) substantially all our assets, and the other firm becomes our successor and is legally responsible for the Notes, we will be relieved of our own responsibility for the Notes.

#### **Default and Related Matters**

Noteholders will have special rights if an event of default occurs and is not cured. For each series of Notes the term “event of default” means any of the following:

- we do not pay interest on a Note of that series within 30 days of its due date;
- we do not pay the principal or any premium on a Note of that series on its due date;
- we do not deposit money into a separate custodial account, known as a sinking fund, when such a deposit is due, if we agree to maintain a sinking fund with respect to that series;
- we remain in breach of any restrictive covenant with respect to that series or any other term of the Indenture for 60 days after we receive a notice of default stating we are in breach (the notice must be sent by either the trustee or direct holders of at least 25% of the principal amount of Notes of the affected series); or
- we file for bankruptcy or other events of bankruptcy, insolvency or reorganization occur.

In the event of our bankruptcy, insolvency or other similar proceeding, all of the Notes will automatically be due and immediately payable. If a non-bankruptcy event of default has occurred with respect to any series of Notes and has not been cured, the trustee or the direct holders of not less than 25% in principal amount of the Notes of the affected series may declare the entire principal amount of all the Notes of that series to be due and immediately payable. This is called a “declaration of acceleration of maturity.”

A declaration of acceleration of maturity may be canceled by the direct holders of at least a majority in principal amount of the Notes of the affected series if any other defaults on those Notes have been waived or cured and we pay or deposit with the trustee an amount sufficient to pay the following with respect to the Notes of that series:

- all overdue interest;
- principal and premium, if any, which has become due, other than as a result of the acceleration, plus any interest on that principal;
- interest on overdue interest, to the extent that payment is lawful; and
- amounts paid or advanced by the trustee and reasonable trustee compensation and expenses.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the Indenture at the request of any direct holders unless the holders offer the trustee reasonable protection from expenses and liability, called an “indemnity.” If reasonable indemnity is provided, the direct holders of a majority in principal amount of the outstanding Notes of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority direct holders may also direct the trustee in exercising any trust or power conferred on the trustee under the Indenture.

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Before an investor may bypass the trustee and bring its own lawsuit or other formal legal action or take other steps to enforce its rights or protect its interests relating to any Notes of any series, the following must occur:

- the investor must give the trustee written notice that an event of default with respect to the Notes of that series has occurred and remains uncured;
- the direct holders of at least 25% in principal amount of all outstanding Notes of that series must make a written request that the trustee take action because of the default, and must offer reasonable indemnity to the trustee against any cost and liabilities of taking that action;
- the trustee must not have received from direct holders of a majority in principal amount of the outstanding Notes of that series a direction inconsistent with the written notice; and
- the trustee must have failed to take action for 60 days after receipt of the above notice and offer of indemnity.

However, investors are entitled at any time to bring a lawsuit for the payment of money due on a Note on or after its due date.

Every year we will certify in a written statement to the trustee that we are in compliance with the Indenture and each series of Notes or specify any default that we know about.

### **Defeasance**

In some circumstances described below, we may elect to discharge our obligations on the Notes through defeasance or covenant defeasance.

#### ***Full Defeasance***

If there is a change in United States federal tax law as described below, we could legally release ourselves from any payment or other obligations on the Notes, called “full defeasance,” if we put in place the following arrangements for investors to be repaid:

- we must irrevocably deposit in trust for the benefit of all direct holders of those Notes money or specified German government securities or a combination of these that will generate enough cash to make interest, principal and any other payments on those Notes on their various due dates;
- there must be a change in current federal tax law or an Internal Revenue Service ruling that lets us make the deposit without causing investors to be taxed on the Notes any differently than if we did not make the deposit and simply repaid such Notes ourselves (under current United States federal tax law, the deposit and our legal release from the such Notes would be treated as though we took back such Notes and gave investors their share of the cash and notes or bonds deposited in trust, in which case investors could recognize gain or loss on those Notes); and
- we must deliver to the trustee a legal opinion confirming the United States tax law change described above.

In addition, no default must have occurred and be continuing with respect to those Notes at the time the deposit is made (and, with respect only to bankruptcy and similar events, during the 90 days following the deposit), and we have delivered a certificate and a legal opinion to the effect that the deposit does not:

- cause any outstanding Notes to be delisted;
- cause the trustee to have a “conflicting interest” within the meaning of the Trust Indenture Act of 1939;
- result in a breach or violation of, or constitute a default under, any other agreement or instrument to which we are party or by which we are bound; and
- result in the trust arising from it constituting an “investment company” within the meaning of the Investment Company Act of 1940 (unless we register the trust, or find an exemption from registration, under that Act).

If we ever did accomplish full defeasance, investors would have to rely solely on the trust deposit, and could no longer look to us, for repayment on the Notes of the affected series. Conversely, the trust deposit would likely be protected from claims of our lenders and other creditors if we ever become bankrupt or insolvent.

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### ***Covenant Defeasance***

Under current United States federal tax law, we can make the same type of deposit described above and be released from many of the covenants in the Notes. This is called “covenant defeasance.” In that event, investors would lose the protection of those covenants but would gain the protection of having money and securities set aside in trust to repay the applicable series of Notes. In order to achieve covenant defeasance, we must do the following:

- make the same deposit of money and/or German government securities described above under “— Full Defeasance;”
- deliver to the trustee a legal opinion confirming that under current United States federal income tax law we may make the above deposit without causing investors to be taxed on the applicable series of Notes any differently than if we did not make the deposit and simply repaid the applicable series of Notes ourselves; and
- comply with the other conditions precedent described above under “— Full Defeasance.”

If we accomplish covenant defeasance, the following provisions, among others, would no longer apply:

- the events of default relating to breach of covenants described below under “Default and Related Matters;” and
- any promises regarding conduct of our business, such as those described under “Certain Restrictive Covenants” below and any other covenants applicable to the series of Notes.

If we accomplish covenant defeasance, investors can still look to us for repayment of the applicable series of Notes if there is a shortfall in the trust deposit. Depending on the event causing the default, however, investors may not be able to obtain payment of the shortfall.

### **Modification and Waiver**

There are three types of changes we can make to the Indenture and the Notes.

First, there are changes that cannot be made to the Notes without specific investor approval. These include:

- change of the stated due date for payment of principal or interest on a series of Notes;
- reduction in the principal amount of, the rate of interest payable on or any premium payable upon redemption of a series of Notes;
- reduction in the amount of principal payable upon acceleration of the maturity of a series of Notes following a default;
- change in the place or currency of payment on a series of Notes;
- impairment of an investor’s right to sue for payment on a series of Notes on or after the due date for such payment;
- reduction in the percentage of direct holders of a series of Notes whose consent is required to modify or amend the Indenture;
- reduction in the percentage of holders of a series of Notes whose consent is required under the Indenture to waive compliance with provisions of, or to waive defaults under, the Indenture; and
- modification of any of the provisions described above or other provisions of the Indenture dealing with waiver of defaults or covenants under the Indenture, except to increase the percentages required for such waivers or to provide that other provisions of the Indenture cannot be changed without the consent of each direct holder affected by the change.

Second, changes may be made by us and the trustee without any vote by holders of any series of Notes. These include:

- evidencing the assumption by a successor of our obligations under the Indenture and any series of Notes;
  - adding to our covenants for the benefit of the holders of any series of Notes, or surrendering any of our rights or powers under the Indenture;
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- adding other events of default for the benefit of holders of any series of Notes;
- making such changes as may be necessary to permit or facilitate the issuance of any series of Notes in bearer or uncertificated form;
- establishing the forms or terms of any series of Notes;
- evidencing the acceptance of appointment by a successor trustee; and
- curing any ambiguity, correcting any Indenture provision that may be defective or inconsistent with other Indenture provisions or making any other change that does not adversely affect the interests of the holders of any series of Notes in any material respect.

Third, we need a vote by direct holders of Notes owning at least a majority of the principal amount of each series affected by the change to make any other change to the Indenture that is not of the type described in the preceding two paragraphs. A majority vote of this kind is also required to obtain a waiver of any past default, except a payment default on principal or interest or concerning a provision of the Indenture that cannot be changed without the consent of the direct holder.

When taking a vote, we will decide how much principal amount to attribute to a series of Notes by using the dollar equivalent, as determined by our Board of Directors.

Notes will not be considered outstanding, and therefore will not be eligible to vote, if owned by us or one of our affiliates or if we have deposited or set aside money in trust for their payment or redemption. Notes will also not be eligible to vote if they have been fully defeased as described below under “Defeasance — Full Defeasance.”

We will generally be entitled to set any day as a record date for the purpose of determining the direct holders of outstanding Notes that are entitled to vote or take other action under the Indenture. In some circumstances, generally related to a default by us on a series of the Notes, the trustee will be entitled to set a record date for action by holders.

### **Trustee**

U.S. Bank National Association, as trustee under the Indenture, has been appointed by us as paying agent and registrar with regard to the Notes. The trustee also acts as an agent for the issuance of our United States commercial paper. The trustee and its affiliates currently provide cash management and other banking and advisory services to us in the normal course of business and may from time to time in the future provide other banking and advisory services to us in the ordinary course of business, in each case in exchange for a fee.

### **Book-Entry; Delivery and Form; Global Note**

We have obtained the information in this section concerning Clearstream Banking, société anonyme (“Clearstream”) and Euroclear Bank, S.A./N.V., or its successor, as operator of the Euroclear System (“Euroclear”) and their book-entry systems and procedures from sources that we believe to be reliable. We take no responsibility for an accurate portrayal of this information. In addition, the description of the clearing systems in this section reflects our understanding of the rules and procedures of Clearstream and Euroclear as they were in effect at the time of the issuance of the Notes of each series. Those clearing systems could change their rules and procedures at any time.

The Notes are represented by one or more fully registered global notes. Each such global note is deposited with, or on behalf of, a common depository, and registered in the name of the nominee of the common depository for the accounts of Clearstream and Euroclear. Except as set forth below, the global notes may be transferred, in whole and not in part, only to Euroclear or Clearstream or their respective nominees. Investors may hold interests in the global notes in Europe through Clearstream or Euroclear, either as a participant in such systems or indirectly through organizations that are participants in such systems. Clearstream and Euroclear will hold interests in the global notes on behalf of their respective participating organizations or customers through customers’ securities accounts in Clearstream’s or Euroclear’s names on the books of their respective depositories. Book-entry interests in the Notes and all transfers relating to the Notes are reflected in the book-entry records of Clearstream and Euroclear.

The distribution of the Notes is cleared through Clearstream and Euroclear. Any secondary market trading of book-entry interests in the Notes takes place through Clearstream and Euroclear participants and settles in same-day funds. Owners of book-entry interests in the Notes receive payments relating to their Notes in euro, except as described under the heading “Payments in Euro.”

Clearstream and Euroclear have established electronic securities and payment transfer, processing, depository and custodial links among themselves and others, either directly or through custodians and depositories. These links allow the Notes to be issued, held and transferred among the clearing systems without the physical transfer of certificates. Special procedures to facilitate clearance and settlement have been established among these clearing systems to trade securities across borders in the secondary market.

The policies of Clearstream and Euroclear will govern payments, transfers, exchanges and other matters relating to the investor's interest in the Notes held by them. We have no responsibility for any aspect of the records kept by Clearstream or Euroclear or any of their direct or indirect participants. We also do not supervise these systems in any way.

Clearstream and Euroclear and their participants perform these clearance and settlement functions under agreements they have made with one another or with their customers. Investors should be aware that they are not obligated to perform or continue to perform these procedures and may modify them or discontinue them at any time.

Except as provided below, owners of beneficial interests in the Notes will not be entitled to have the Notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered the owners or holders of the Notes under the Indenture, including for purposes of receiving any reports delivered by us or the trustee pursuant to the Indenture. Accordingly, each person owning a beneficial interest in a Note must rely on the procedures of the depository and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, in order to exercise any rights of a holder of Notes.

We have been advised by Clearstream and Euroclear, respectively, as follows:

***Clearstream***

Clearstream advises that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations ("Clearstream Participants") and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant, either directly or indirectly.

Distributions with respect to interests in the Notes held beneficially through Clearstream are credited to cash accounts of Clearstream Participants in accordance with its rules and procedures.

***Euroclear***

Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear ("Euroclear Participants") and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the "Euroclear Operator"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, or the Euroclear Terms and Conditions, and applicable Belgian law govern securities clearance accounts and cash accounts with the Euroclear Operator. Specifically, these terms and conditions govern:

- transfers of securities and cash within Euroclear;
  - withdrawal of securities and cash from Euroclear; and
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- receipt of payments with respect to securities in Euroclear.

All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants and has no record of or relationship with persons holding securities through Euroclear Participants.

Distributions with respect to interests in the Notes held beneficially through Euroclear are credited to the cash accounts of Euroclear Participants in accordance with the Euroclear Terms and Conditions.

#### **Clearance and Settlement Procedures**

We understand that investors that hold their Notes through Clearstream or Euroclear accounts will follow the settlement procedures that are applicable to conventional eurobonds in registered form. Notes are credited to the securities custody accounts of Clearstream and Euroclear participants on the business day following the settlement date, for value on the settlement date. They are credited either free of payment or against payment for value on the settlement date.

We understand that secondary market trading between Clearstream and/or Euroclear participants will occur in the ordinary way following the applicable rules and operating procedures of Clearstream and Euroclear. Secondary market trading is settled using procedures applicable to conventional eurobonds in registered form.

Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Clearstream and Euroclear on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States. United States investors who wish to transfer their interests in the Notes, or to make or receive a payment or delivery of the Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Clearstream or Euroclear is used.

Clearstream or Euroclear will credit payments to the cash accounts of Clearstream customers or Euroclear participants, as applicable, in accordance with the relevant system's rules and procedures, to the extent received by its depository. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a holder under the Indenture on behalf of a Clearstream customer or Euroclear participant only in accordance with its relevant rules and procedures.

Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of the Notes among participants of Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

#### **Certificated Notes**

If the depository for any of the Notes of any series represented by a registered global note is at any time unwilling or unable to continue as depository and a successor depository is not appointed by us within 90 days, we will issue Notes of that series in definitive form in exchange for the registered global note that had been held by the depository. Any Notes issued in definitive form in exchange for a registered global note will be registered in the name or names that the depository gives to the trustee or other relevant agent of the trustee. It is expected that the depository's instructions will be based upon directions received by the depository from participants with respect to ownership of beneficial interests in the registered global note that had been held by the depository. In addition, we may at any time determine that the Notes of any series shall no longer be represented by a global note and will issue Notes of such series in definitive form in exchange for such global note pursuant to the procedure described above.

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## Subsidiaries of the Registrant

Company Name	Country
BLUE BUFFALO COMPANY, LTD.	United States
C.P.D. CEREAL PARTNERS DEUTSCHLAND GmbH & Co. oHG	Germany
C.P.W. HELLAS BREAKFAST CEREALS SOCIETE ANONYME	Greece
C.P.W. MEXICO S. de R.L. de C.V.	Mexico
CEREAL ASSOCIADOS PORTUGAL, A.E.I.E.	Portugal
CEREAL PARTNERS (MALAYSIA) SDN. BHD.	Malaysia
CEREAL PARTNERS AUSTRALIA PTY LIMITED	Australia
CEREAL PARTNERS ESPANA, A.E.I.E.	Spain
CEREAL PARTNERS FRANCE, SNC	France
CEREAL PARTNERS GIDA TICARET LIMITED SIRKETI	Turkey
CEREAL PARTNERS MEXICO, S.A. DE C.V.	Mexico
CEREAL PARTNERS POLAND TORUN-PACIFIC Sp. z.o.o.	Poland
CEREAL PARTNERS RUS LLC	Russian Federation
CEREAL PARTNERS U.K.	United Kingdom
CEREALES C.P.W. CHILE LIMITADA (SRL)	Chile
CP MIDDLE EAST FZCO	United Arab Emirates
CPW AMA DWC—LLC	United Arab Emirates
CPW BRASIL LTDA.	Brazil
CPW HONG KONG LIMITED	Hong Kong
CPW NEW ZEALAND	New Zealand
CPW OPERATIONS S.A.R.L.	Switzerland
CPW PHILIPPINES, INC.	Philippines
CPW S.A.	Switzerland
CPW SINGAPORE (PTE.) LTD.	Singapore
GENERAL MILLS CAPITAL, INC.	United States
GENERAL MILLS FINANCE, INC.	United States
GENERAL MILLS HOLDING B.V.	Netherlands
GENERAL MILLS HOLDING K (NETHERLANDS) B.V.	Netherlands
GENERAL MILLS MAARSSSEN HOLDING, INC.	United States
GENERAL MILLS MARKETING, INC.	United States
GENERAL MILLS OPERATIONS, LLC	United States
GM CEREALS HOLDINGS, INC.	United States
GM CEREALS MANAGER, INC.	United States
HAAGEN-DAZS JAPAN, INC.	Japan
HAAGEN-DAZS KOREA CO., LTD.	Korea, Republic of
HAAGEN-DAZS NEDERLAND B.V.	Netherlands
THE PILLSBURY COMPANY, LLC	United States

**Consent of Independent Registered Public Accounting Firm**

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

We consent to the incorporation by reference in the registration statements (No. 333-246292) on Form S-3 and the registration statements (Nos. 2-50327, 2-53523, 2-95574, 33-27628, 33-32059, 333-32509, 333-90012, 333-139997, 333-163849, 333-179622, 333-215259, and 333-222589) on Form S-8 of General Mills, Inc. of our report dated June 30, 2021, with respect to the consolidated balance sheets of General Mills, Inc. and subsidiaries as of May 30, 2021 and May 31, 2020, the related consolidated statements of earnings, comprehensive income, total equity and redeemable interest, and cash flows for each of the years in the three-year period ended May 30, 2021, and the related notes and financial statement schedule II, and the effectiveness of internal control over financial reporting as of May 30, 2021, which report appears in the May 30, 2021 annual report on Form 10-K of General Mills, Inc.

Our report dated June 30, 2021 refers to a change to the method of accounting for leases.

/s/ KPMG LLP

Minneapolis, Minnesota  
June 30, 2021

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**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeffrey L. Harmening, certify that:

1. I have reviewed this annual report on Form 10-K of General Mills, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 30, 2021

/s/ Jeffrey L. Harmening

Jeffrey L. Harmening  
Chief Executive Officer

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**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kofi A. Bruce, certify that:

1. I have reviewed this annual report on Form 10-K of General Mills, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 30, 2021

/s/ Kofi A. Bruce

Kofi A. Bruce  
Chief Financial Officer

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**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeffrey L. Harmening, Chief Executive Officer of General Mills, Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Annual Report on Form 10-K of the Company for the fiscal year ended May 30, 2021 (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 30, 2021

/s/ Jeffrey L. Harmening

Jeffrey L. Harmening  
Chief Executive Officer

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**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kofi A. Bruce, Chief Financial Officer of General Mills, Inc. (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Annual Report on Form 10-K of the Company for the fiscal year ended May 30, 2021 (the “Report”), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 30, 2021

/s/ Kofi A. Bruce

Kofi A. Bruce  
Chief Financial Officer

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