

GENERAL MILLS INC
Form 10-Q
March 30, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549



FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED FEBRUARY 25, 2007**
- 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: 1-1185



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, MN**

(Mail: P.O. Box 1113)
(Address of principal executive offices)

55426

(Mail: 55440)
(Zip Code)

(763) 764-7600

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(Registrant's telephone number, including area code)

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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer

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

As of March 26, 2007, General Mills had 346,363,303 shares of its \$.10 par value common stock outstanding (excluding 155,943,361 shares held in treasury).

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

GENERAL MILLS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited) (In Millions, Except per Share Data)

| | Thirteen Weeks | | Thirty-nine Weeks | |
|---|-------------------|----------|-------------------|----------|
| | Ended Feb. 25, | Feb. 26, | Ended Feb. 25, | Feb. 26, |
| | 2007 | 2006 | 2007 | 2006 |
| Net Sales | \$3,054 | \$2,877 | \$9,381 | \$8,849 |
| Cost of sales | 1,982 | 1,891 | 5,966 | 5,667 |
| Selling, general and administrative | 585 | 528 | 1,765 | 1,619 |
| Restructuring and other exit costs (income) | 1 | 5 | (2) | 16 |
| Operating Profit | 486 | 453 | 1,652 | 1,547 |
| Interest expense, net | 107 | 100 | 322 | 294 |

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| | | | | |
|--|--------------|-------|---------------|--------|
| Earnings before Income Taxes and After-tax Earnings from Joint Ventures | 379 | 353 | 1,330 | 1,253 |
| Income Taxes | 127 | 123 | 468 | 442 |
| After-tax Earnings from Joint Ventures | 16 | 16 | 58 | 57 |
| Net Earnings | \$268 | \$246 | \$920 | \$868 |
| Earnings per Share Basic | \$.77 | \$.69 | \$2.65 | \$2.42 |
| Earnings per Share Diluted | \$.74 | \$.68 | \$2.55 | \$2.29 |
| Dividends per Share | \$.37 | \$.34 | \$1.07 | \$1.00 |

See accompanying notes to consolidated financial statements.

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GENERAL MILLS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Millions)

| | Feb. 25, 2007 (Unaudited) | May 28, 2006 |
|---|---------------------------------|-----------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 476 | \$ 647 |
| Receivables | 1,208 | 1,076 |
| Inventories | 1,225 | 1,055 |
| Prepaid expenses and other current assets | 211 | 216 |
| Deferred income taxes | 148 | 182 |
| Total Current Assets | 3,268 | 3,176 |
| Land, Buildings and Equipment, at Cost | 5,951 | 5,806 |
| Less accumulated depreciation | (3,040) | (2,809) |
| Net Land, Buildings and Equipment | 2,911 | 2,997 |
| Goodwill | 6,788 | 6,652 |
| Other Intangible Assets | 3,685 | 3,607 |
| Other Assets | 2,014 | 1,775 |
| Total Assets | \$ 18,666 | \$ 18,207 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities: | | |

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| | | |
|-----------------------------------|---------------|--------|
| Accounts payable | \$ 658 | \$ 708 |
| Current portion of long-term debt | 845 | 2,131 |
| Notes payable | 2,177 | 1,503 |
| Other current liabilities | 1,969 | 1,796 |
| Total Current Liabilities | 5,649 | 6,138 |
| Long-term Debt | 3,165 | 2,415 |
| Deferred Income Taxes | 1,808 | 1,822 |
| Other Liabilities | 945 | 924 |
| Total Liabilities | 11,567 | 11,299 |
| Minority Interests | 1,138 | 1,136 |
| Stoc | | |