

GENERAL MILLS INC
Form 11-K
June 29, 2006

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

FORM 11-K

(Mark One):

- ☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the fiscal year ended December 31, 2005.

OR

- ☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _____ to _____.

Commission file number: 1-1185

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

General Mills 401(k) Savings Plan

- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

General Mills, Inc.
Number One General Mills Boulevard
Minneapolis, Minnesota 55426
(Mail: P.O. Box 1113, Zip: 55440-1113)

GENERAL MILLS 401(k) SAVINGS PLAN

Financial Statements and Supplementary Schedules

December 31, 2005 and 2004

(With Report of Independent Registered Public Accounting Firm Thereon)

Report of Independent Registered Public Accounting Firm

The Benefit Finance Committee of General Mills, Inc.
General Mills 401(k) Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the General Mills 401(k) Savings Plan (the Plan) as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for the year ended December 31, 2005 and the period from June 1, 2004 to December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the year ended December 31, 2005 and the period from June 1, 2004 to December 31, 2004, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets (held at end of year) and of reportable transactions as of and for the year ended December 31, 2005 are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Minneapolis, Minnesota

June 28, 2006

GENERAL MILLS 401(k) SAVINGS PLAN

Statement of Net Assets Available for Benefits

December 31, 2005

| | <u>Allocated</u> | <u>Unallocated</u> | <u>Total</u> |
|--|----------------------|--------------------|----------------------|
| Assets: | | | |
| Participant-directed investments: | | | |
| Interest-bearing cash and short-term investments | \$ 10,985,659 | | 10,985,659 |
| Master Trust Investment Accounts (MTIA) | 1,514,236,058 | | 1,514,236,058 |
| All other investments: | | | |
| Common stock | 359,096,729 | | 359,096,729 |
| Unallocated insurance contracts | 12,500,021 | | 12,500,021 |
| Participant loan fund | 26,123,433 | | 26,123,433 |
| Directed brokerage fund | 50,708,076 | | 50,708,076 |
| | <u>1,973,649,976</u> | | <u>1,973,649,976</u> |
| Total participant-directed investments | | | |
| | <u>1,973,649,976</u> | | <u>1,973,649,976</u> |
| Nonparticipant-directed investments: | | | |
| Interest-bearing cash and short-term investments | | 61,750 | 61,750 |
| Investments, at fair value: | | | |
| Common stock | | 10,658,615 | 10,658,615 |
| | | <u>10,720,365</u> | <u>10,720,365</u> |
| Total nonparticipant-directed investments | | | |
| | | <u>10,720,365</u> | <u>10,720,365</u> |
| Total investments | <u>1,973,649,976</u> | <u>10,720,365</u> | <u>1,984,370,341</u> |

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| | Allocated | Unallocated | Total |
|-----------------------------------|------------------|-------------|---------------|
| Receivables: | | | |
| Employer contributions | | 1,675,582 | 1,675,582 |
| Employee contributions | 1,929,773 | | 1,929,773 |
| Interest and dividends | 34,931 | 2,166 | 37,097 |
| Miscellaneous | 13,353 | | 13,353 |
| Total assets | 1,975,628,033 | 12,398,113 | 1,988,026,146 |
| Liabilities: | | | |
| Accounts payable expenses | 1,508,658 | | 1,508,658 |
| Loans | | 4,014,000 | 4,014,000 |
| Total liabilities | 1,508,658 | 4,014,000 | 5,522,658 |
| Net assets available for benefits | \$ 1,974,119,375 | 8,384,113 | 1,982,503,488 |

See accompanying notes to financial statements.

GENERAL MILLS 401(k) SAVINGS PLAN

Statement of Net Assets Available for Benefits

December 31, 2004

| | Allocated | Unallocated | Total |
|--|---------------|-------------|---------------|
| Assets: | | | |
| Participant-directed investments: | | | |
| Interest-bearing cash and short-term investments | \$ 9,098,137 | | 9,098,137 |
| Master Trust Investment Accounts (MTIA) | 1,398,154,411 | | 1,398,154,411 |
| All other investments: | | | |
| Common stock | 106,363,834 | | 106,363,834 |
| Unallocated insurance contracts | 12,120,362 | | 12,120,362 |
| Participant loan fund | 24,346,959 | | 24,346,959 |
| Directed brokerage fund | 45,924,253 | | 45,924,253 |
| Total participant-directed investments | 1,596,007,956 | | 1,596,007,956 |
| Nonparticipant-directed investments: | | | |

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| | Allocated | Unallocated | Total |
|--|------------------|-------------|---------------|
| Investments: | | | |
| Interest-bearing cash and short-term investments, at fair value: | 87,024 | 574,636 | 661,660 |
| Common stock | 269,992,629 | 20,185,376 | 290,178,005 |
| Total nonparticipant-directed investments | 270,079,653 | 20,760,012 | 290,839,665 |
| Total investments | 1,866,087,609 | 20,760,012 | 1,886,847,621 |
| Receivables: | | | |
| Employer contributions | | 1,262,035 | 1,262,035 |
| Employee contributions | 1,971,314 | | 1,971,314 |
| Interest and dividends | 16,039 | 3,575 | 19,614 |
| Miscellaneous | 13,356 | | 13,356 |
| Total assets | 1,868,088,318 | 22,025,622 | 1,890,113,940 |
| Liabilities: | | | |
| Accounts payable expenses | 891,669 | | 891,669 |
| Loans | | 7,176,000 | 7,176,000 |
| Total liabilities | 891,669 | 7,176,000 | 8,067,669 |
| Net assets available for benefits | \$ 1,867,196,649 | 14,849,622 | 1,882,046,271 |

See accompanying notes to financial statements.

GENERAL MILLS 401(k) SAVINGS PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2005

| | Allocated | Unallocated | Total |
|--|------------------|-------------|---------------|
| Net assets available for benefits at beginning of period | \$ 1,867,196,649 | 14,849,622 | 1,882,046,271 |
| Investment income: | | | |
| Income from MTIA | 124,991,690 | | 124,991,690 |

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| | Allocated | Unallocated | Total |
|---|------------------|--------------|---------------|
| Income from all other investments: | | | |
| Dividends and interest | 11,249,568 | 430,762 | 11,680,330 |
| Net realized/unrealized depreciation in fair market value of investments | (640,188) | (123,399) | (763,587) |
| Total net investment income | 135,601,070 | 307,363 | 135,908,433 |
| Contributions: | | | |
| Employees | 78,796,801 | | 78,796,801 |
| Employer | | 16,412,965 | 16,412,965 |
| Total contributions | 78,796,801 | 16,412,965 | 95,209,766 |
| Miscellaneous | (579,652) | 579,652 | |
| Allocation of 465,421 shares of common stock of General Mills, Inc. at market | 22,685,559 | | 22,685,559 |
| Total additions | 236,503,778 | 17,299,980 | 253,803,758 |
| Distributions and expenses: | | | |
| Interest expense | | (466,590) | (466,590) |
| Administrative expenses | (2,437,215) | (613,340) | (3,050,555) |
| Distributions to participants/beneficiaries | (127,143,837) | | (127,143,837) |
| Allocation of 465,421 shares of common stock of General Mills, Inc. at market | | (22,685,559) | (22,685,559) |
| Total deductions | (129,581,052) | (23,765,489) | (153,346,541) |
| Net assets available for benefits at end of period | \$ 1,974,119,375 | 8,384,113 | 1,982,503,488 |

See accompanying notes to financial statements.

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GENERAL MILLS 401(k) SAVINGS PLAN

Statement of Changes in Net Assets Available for Benefits

Period from June 1, 2004 through December 31, 2004

| | <u>Allocated</u> | <u>Unallocated</u> | <u>Total</u> |
|---|------------------|--------------------|---------------|
| Net assets available for benefits at beginning of period | \$ 1,734,821,375 | 20,152,769 | 1,754,974,144 |
| Investment income: | | | |
| Income from MTIA | 98,052,122 | | 98,052,122 |
| Income from all other investments: | | | |
| Dividends and interest | 5,737,621 | 340,990 | 6,078,611 |
| Net realized/unrealized appreciation in fair market value of investments | 31,669,459 | 1,397,362 | 33,066,821 |
| Total net investment income | 135,459,202 | 1,738,352 | 137,197,554 |
| Contributions: | | | |
| Employees | 47,582,593 | | 47,582,593 |
| Employer | | 8,048,448 | 8,048,448 |
| Total contributions | 47,582,593 | 8,048,448 | 55,631,041 |
| Miscellaneous | (605,232) | 596,555 | (8,677) |
| Allocation of 315,399 shares of common stock of General Mills, Inc. at market | 14,535,339 | | 14,535,339 |
| Total additions | 196,971,902 | 10,383,355 | 207,355,257 |
| Distributions and expenses: | | | |
| Interest expense | | (586,029) | (586,029) |
| Administrative expenses | (1,039,028) | (565,134) | (1,604,162) |
| Distributions to participants/beneficiaries | (63,557,600) | | (63,557,600) |
| Allocation of 315,399 shares of common stock of General Mills, Inc. at market | | (14,535,339) | (14,535,339) |
| Total deductions | (64,596,628) | (15,686,502) | (80,283,130) |
| Net assets available for benefits at end of period | \$ 1,867,196,649 | 14,849,622 | 1,882,046,271 |

See accompanying notes to financial statements.

GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

(1) Description of the Plan

The following brief description of the General Mills 401(k) Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the plan document for more complete information.

The Plan is sponsored by General Mills, Inc. (the Company or General Mills) and administered by various committees. The Plan is a defined contribution employee pension benefit plan designed to offer employees of General Mills the opportunity to participate in a savings and investment program and to provide a source of additional income for retirement. The Plan allows for the withdrawal of certain vested funds during a participant's active career, subject to significant restrictions.

The Plan was amended and restated effective January 1, 2005. Under the Plan, nonhighly compensated employees of General Mills may elect to contribute up to 30% of his or her compensation and highly compensated individuals may elect to contribute up to 15% of his or her compensation (as defined by the Plan) on a before-tax basis to certain combinations of 16 investment funds, as described in note 5. Certain classifications of employees are also permitted to make contributions on an after-tax basis. The total of before-tax and after-tax contributions in no event can be more than 30% of compensation for nonhighly compensated employees and 15% of compensation for highly compensated employees. Additionally, the Plan was amended on September 1, 2002 to allow eligible participants to make catch-up contributions. Company matching contributions are made by allocations of shares of General Mills common stock, which are credited to each employee's account in the employee stock ownership plan (ESOP Fund). The percentage of compensation contributed to the Plan by employees which is eligible for Company matching and the level of Company matching contributions vary among employee classifications.

(2) Summary of Significant Accounting Policies**(a) Basis of Presentation**

The accompanying financial statements have been prepared under the accrual-basis method of accounting in accordance with U.S. generally accepted accounting principles.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for participants and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

(c) Risks and Uncertainties

The Plan provides for investment in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

(Continued)

GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

(d) Concentration of Market Risk

At December 31, 2005 and 2004, approximately 19% and 21%, respectively, of the Plan's net assets were invested in the common stock of General Mills. The underlying value of General Mills is entirely dependent upon the performance of General Mills and the market's evaluation of such performance. It is at least reasonably possible that changes in the fair value of General Mills common stock in the near term could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

(e) Investments

The investments of the Plan in the GMI Investment Trust (the Investment Trust) are valued at fair value. Pooled funds consist of master trust investment accounts (MTIA) and funds pooled for the purpose of forming participant investment options. Fair value of the Plan's investments in the pooled funds and in common stock of the Company is based on market values of the underlying securities, as discussed in notes 4 and 5. Short-term investments are stated at cost, which approximates fair value. The Pooled Savings Fixed Fund and U.S. Treasury Fund consist of fixed income securities and investment contracts issued by banks or insurance companies, which are valued at cost plus accumulated interest (contract value), as this is the basis upon which amounts may be withdrawn from the contracts. Contract value approximates fair value.

Security transactions are recognized on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The cost of investment securities sold is determined on the weighted average basis.

The Plan accounts for certain changes in net assets as follows:

Dividends and interest, net realized and unrealized appreciation (depreciation), and administrative expenses of the investment funds are recognized by the Plan only as they are reflected in the Plan's proportionate share of net increases (decreases) in the market value of the underlying pooled funds.

Net realized appreciation (depreciation) is recognized by the Plan upon the sale of investment securities or portions thereof on the basis of average cost to each investment manager's portfolio.

(3) Forfeitures and Vesting

Participants who terminate their employment with the Company forfeit the nonvested portion of the Company's contributions to their accounts. However, if terminated participants are re-employed by the Company within 60 months of termination, such forfeited nonvested portion of the Company's contributions is restored to their Plan accounts if the participants repay the amount previously withdrawn from their Company contribution accounts, if any, within 60 months from the date of re-employment. Forfeitures to the Plan can be used to offset future Company contributions, reinstate previously forfeited amounts to reemployed participants, and cover administrative expenses incurred by the leveraged accounts. For the periods ending December 31, 2005 and 2004, \$579,653 and \$594,941, respectively, were forfeited by participants.

(Continued)

GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

The Company's contributions vest in accordance with the following schedule:

| Employee's eligibility service | Vested percentage |
|---------------------------------------|--------------------------|
| 1 year but less than 2 years | 20% |
| 2 years but less than 3 years | 40% |
| 3 years but less than 4 years | 60% |
| 4 years but less than 5 years | 80% |
| 5 years or more | 100% |

If a participant retires, dies while an active employee, becomes totally and permanently disabled, or if a participant's employment with the Company is involuntarily terminated due to any reason other than illegal activities, gross misconduct, or violation of the Company's Code of Conduct, or if the Plan is terminated by the Company, the participant will become 100% vested regardless of the length of Company service.

(4) Investments

Participants, at their discretion, may direct their contributions to any of the 16 investment funds listed below.

| | | |
|--------------------------|------------------------------------|---------------------------------|
| US Equity Funds: | International Equity Funds: | Balanced Funds: |
| Diversified US Equity | Diversified International | Moderate Balanced |
| Aggressive Equity | Int'l Developed Markets | Aggressive Balanced |
| Growth Equity | Int'l Emerging Markets | Conservative Balanced |
| Value Equity | | |
| Small and Mid Cap Equity | Fixed Income Funds: | Self-directed brokerage: |
| S&P 500 Enhanced Index | Fixed Income | Fidelity BrokerageLink |
| Company Stock | US Treasury | |

The Company's contributions to the Plan are invested in the ESOP Fund.

The following table presents the fair value of investments in the pooled funds and common stock that represent 5% or more of the Plan's net assets:

| | | December 31, | |
|---------------------------------|-------------------------|---------------------|-------------|
| | | 2005 | 2004 |
| General Mills, Inc common stock | participant directed | \$ 359,096,729 | 106,363,834 |
| General Mills, Inc common stock | nonparticipant directed | 10,658,615 | 290,178,005 |

(Continued)

GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

Net appreciation (depreciation) in the fair value of the Plan's investment not held in MTIAs, including gains and losses on investments bought and sold, as well as held during the year ended December 31, 2005 and the period from June 1, 2004 through December 31, 2004 are as follows:

| | December 31, | |
|---|---------------------|-------------|
| | 2005 | 2004 |
| General Mills, Inc. common stock | \$ (763,587) | 33,066,821 |
| Net (depreciation) appreciation in fair value of investments (not including MTIA) | \$ (763,587) | 33,066,821 |

The fair values of the nonparticipant-directed portion of the ESOP Fund are \$6,708,531 and \$283,574,762 as of December 31, 2005 and 2004, respectively. Prior to October 2005, all amounts credited to participants' ESOP accounts were invested in the ESOP Fund and could not be transferred to any of the Plan's other investment funds. However, beginning in October 2005 all participants are able to transfer amounts in their ESOP accounts to any of the Plan's other investment funds. Therefore, only the unallocated General Mills common shares are considered to be nonparticipant-directed.

Significant components of the changes in net assets relating to the nonparticipant-directed portion of the ESOP Fund for the year ended December 31, 2005 and the period from June 1, 2004 through December 31, 2004 are as follows:

| | December 31, | |
|---|---------------------|--------------|
| | 2005 | 2004 |
| Changes in nonparticipant-directed funds: | | |
| Net appreciation (depreciation) | \$ (123,399) | 21,662,170 |
| Dividends and interest | 430,762 | 5,101,069 |
| Total net investment income | 307,363 | 26,763,239 |
| Contributions | | 8,048,448 |
| Distributions to participants | | (6,752,214) |
| Interest expense | (466,590) | (586,029) |
| Forfeitures | 579,653 | 26,555 |
| Administrative expenses | (613,340) | (783,707) |
| Transfers to participant-directed investments | 2,052,576 | (10,207,806) |
| Net change in nonparticipant-directed funds | \$ 1,859,662 | 16,508,486 |

(5) Master Trust Investment Accounts (MTIA)

The pension and savings plans of the Company are invested in the Investment Trust. Mellon Trust is the trustee and custodian of the Investment Trust. Investment managers each manage a portion of the MTIA in the Investment Trust and make investment decisions for the assets of such fund for which they are responsible within specific guidelines established by the General Mills Benefit Finance Committee.

GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

Transactions and assets of each of the MTIA are accounted for utilizing the following accounting policies:

Fund investments are valued as follows:

Fixed-income securities and common and preferred stocks traded on national exchanges are valued by the trustee at closing prices on the valuation date.

Unlisted investments are valued at prices quoted by various national markets and publications and/or independent financial analysts.

Short-term investments are stated at cost, which approximates fair value.

Investment contracts are valued at contract value, which represents net deposits made with banks or insurance companies under the contracts, plus interest at the contract rates. Contract value approximates fair value.

Positions in the stock index and bond futures contracts are marked-to-market daily and reflect gains and losses on a daily basis.

Option contracts are valued monthly and unrealized appreciation or depreciation is recorded.

Dividends, interest income, and administrative expenses are recorded on the accrual basis.

Purchases and sales of securities are recorded on a trade-date basis.

Deposits to and withdrawals from each fund by participating plans are made at fair value determined as of the end of the business day of the transaction.

(Continued)

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GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

Net Assets, net investment income and gains and losses of the MTIA are allocated to the pension and savings plans based on each plans interest in the investment funds of the MTIA. The Plan's interest in all of the investment funds of the MTIA in the Investment Trust as of December 31 are as follows:

| Investment funds in MTIA | Fair value of MTIA investment funds at December 31, 2005 | Plan participation | MTIA investment funds at December 31, 2004 | Plan participation |
|---|---|-------------------------------|---|-------------------------------|
| Pooled Equity Fund | \$ 1,702,012,565 | 18.8% | \$ 1,457,138,689 | 21.2% |
| Pooled International Fund | 773,340,184 | 13.6 | 680,976,568 | 11.8 |
| Pooled Savings Fixed Fund | 564,086,028 | 98.3 | 545,268,555 | 98.4 |
| Alliance Equity | 329,203,906 | 18.4 | 263,094,919 | 22.0 |
| Reich & Tang | 198,256,370 | 6.7 | 214,639,707 | 8.3 |
| Numeric Investors | 153,262,201 | 5.1 | 154,914,583 | 4.9 |
| Mellon Capital | 115,562,123 | 26.6 | 94,525,425 | 22.3 |
| Pooled International Developed Markets | 580,360,552 | 5.3 | 520,969,446 | 4.6 |
| Pooled International Emerging Markets | 291,928,974 | 24.3 | 211,608,875 | 13.4 |
| RCM Mid & Small Cap | 658,622 | 35.0 | 58,176,725 | 19.5 |
| RCM Large Cap | | | 213,651,962 | 20.3 |
| Southeastern Asset Management | 89,331,215 | 31.0 | 76,298,816 | 33.9 |
| Sanford Bernstein | 137,362,345 | 29.9 | 125,374,717 | 30.5 |
| General Mills Internal Equity | 178,179,894 | 21.5 | 172,783,783 | 30.5 |
| Arbor Capital | 149,527,059 | 32.3 | 69,369,799 | 27.1 |
| SIT | 50,202,588 | 31.7 | 69,546,981 | 27.1 |
| Boston Partners | 185,067,460 | 21.5 | 156,208,811 | 23.8 |
| Southeastern Small Cap | 79,540,396 | 44.9 | 71,820,499 | 53.2 |
| Numeric Small Cap | 44,270,685 | | 33,523,843 | |
| WAMCO | 126,556,026 | 24.6 | 95,423,579 | 33.9 |
| Delaware Investments | 147,518,017 | 15.1 | | |
| Sands Capital | 146,266,390 | 15.4 | | |

(Continued)

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GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

Disclosures on all investments funds of the MTIA in the Investment Trust and the net investment gain (loss) for the investment funds of the MTIA in the Investment Trust for the year ended December 31, 2005 are as follows:

Fair value as of December 31, 2005

| | Pooled Equity Fund | Pooled International Fund | Pooled Savings Fixed Fund | Alliance Equity | Reich & Tang | Numeric Investors | Mellon Capital | Pooled International Developed Markets | Pooled International Emerging Markets |
|---------------------------------------|-------------------------------|--|--|----------------------------|-----------------------------|------------------------------|---------------------------|---|--|
| Short-term investments | \$ 24,331,397 | 3,763,066 | 10,864,057 | 2,393,393 | 1,840,787 | 153,757,211 | | | 949,6 |
| Interest-bearing cash | 10,483,354 | 67,543,695 | | 759 | | | | 71,069,148 | |
| U.S. government securities | 36,973,509 | | | | | | | | |
| Corporate debt | 156,881,629 | | | | 960 | | | | |
| Corporate stock preferred | 2,983,956 | 2,196,543 | | | | | | 2,043,606 | |
| Corporate stock common | 1,330,732,508 | 205,376,762 | | 326,809,754 | 196,414,623 | 148,236,821 | | 216,890,683 | |
| Common/collective trust | 84,779,310 | 166,723,575 | 33,863,433 | | | | 115,562,123 | 104,698,528 | 89,477,7 |
| Registered investment companies | 44,852,362 | 191,099,233 | | | | | | 201,911,658 | |
| Investment contracts | | | 519,358,538 | | | | | | |
| Limited partnership | | 118,999,531 | | | | | | 46,101,668 | 99,785,5 |
| Other investments | 11,303,276 | 76,944,437 | | | | | | | 101,716,0 |
| Written options | (1,308,736) | | | | | | | | |
| Foreign currency contracts | | 1,098,271 | | | | | | 1,308,069 | |
| Short sales | | (60,404,930) | | | | (148,731,832) | | (63,662,807) | |
| Fair value as of December 31, 2005 | \$ 1,702,012,565 | 773,340,184 | 564,086,028 | 329,203,906 | 198,256,370 | 153,262,201 | 115,562,123 | 580,360,552 | 291,928,9 |

Net investment gain (loss) for the year ended December 31, 2005

| | Pooled Equity Fund | Pooled International Fund | Pooled Savings Fixed Fund | Alliance Equity | Reich & Tang | Numeric Investors | Mellon Capital | Pooled International Developed Markets | Pooled International Emerging Markets |
|--|-------------------------------|--|--|----------------------------|-----------------------------|------------------------------|---------------------------|---|--|
| Net appreciation (depreciation) in fair value of investments: | | | | | | | | | |
| Interest-bearing cash | \$ | 3,092,496 | | | | | | 3,519,299 | |
| U.S. government securities | 3,304,607 | | | | | | | | |
| Corporate debt | 16,545,408 | | | | | | | | |
| Corporate stock preferred | 1,885,623 | (37,069) | | | | | | (42,185) | |
| Corporate stock common | 145,443,313 | 1,210,599 | | 44,687,539 | 1,267,402 | 6,522,422 | | 1,377,677 | |
| Common/collective trust | (65,729,210) | 72,935,843 | 1,350,427 | | | | 5,036,699 | 58,964,144 | 24,037,7 |
| Registered investment companies | 90,690,433 | 10,044,563 | | | | | | 11,430,839 | |

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Fair value as of December 31, 2005

| | | | | | | | | | | |
|---|----------------|-------------|------------|------------|-----------|--------------|-----------|-------------|----------|--|
| Investment contracts | | | | | | | | | | |
| Limited partnership | | 20,317,413 | | | | | | (4,493,368) | 27,614,8 | |
| Other investments | 1,708,607 | 25,407,941 | | | | | | | 28,914,5 | |
| Written options | 22,294,597 | | | | | | | | | |
| Foreign currency contracts | | | | | | | | | | |
| Short sales | | (1,986,265) | | | | (13,501,400) | | (2,260,394) | | |
| Futures | (92,853,244) | 8,381,719 | | | | 2,051,281 | | 9,538,501 | | |
| Interest | 111,576 | 48,806 | 27,749,667 | 126,948 | 190,700 | 4,411,520 | | 24,767 | 30,1 | |
| Dividends | | | | 1,464,128 | 2,055,526 | | | | | |
| Net investment gain (loss) for the year ended December 31, 2005 | \$ 123,401,709 | 139,416,046 | 29,100,094 | 46,278,615 | 3,513,629 | (516,178) | 5,036,699 | 78,059,280 | 80,597,3 | |

(Continued)

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GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

Fair value as of December 31, 2005

| | RCM Large Cap | Southeastern Asset Management | Sanford Bernstein | General Mills Internal Equity | Arbor Capital | SIT | Boston Partners | Southeastern Small Cap | Numeric Small Cap | WA |
|---------------------------------------|------------------|-------------------------------------|----------------------|--|------------------|------------|--------------------|---------------------------|----------------------|------|
| Short-term investments | \$ | 447,861 | 2,832,533 | 12,500,048 | 7,689,282 | 1,227,740 | 7,273,559 | | 44,241,936 | 8, |
| Interest-bearing cash | | | | 13,299,012 | | | | | | |
| U.S. government securities | | | | 32,247,646 | | | | | | 16, |
| Corporate debt | | 3,692,000 | | 105,749,612 | | | 221,680 | | | 97, |
| Corporate stock preferred | | | | | | | 2,068,894 | | | 1, |
| Corporate stock common | | 85,191,354 | 134,529,812 | 1,416,034 | 141,837,777 | 48,974,848 | 177,056,654 | | 42,378,469 | |
| Common/collective trust | | | | | | | | | | |
| Registered investment companies | | | | 1,015,560 | | | 133,558 | 79,540,396 | | |
| Investment contracts | | | | | | | | | | |
| Limited partnership | | | | | | | | | | |
| Other investments | | | | 11,951,982 | | | | | | 2, |
| Written options | | | | | | | (1,686,885) | | | |
| Foreign currency contracts | | | | | | | | | | |
| Short sales | | | | | | | | | (42,349,719) | |
| Fair value as of December 31, 2005 | \$ | 89,331,215 | 137,362,345 | 178,179,894 | 149,527,059 | 50,202,588 | 185,067,460 | 79,540,396 | 44,270,685 | 126, |

Net investment gain (loss) for the year ended December 31, 2005

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Fair value as of December 31, 2005

| | RCM Large Cap | Southeastern Asset Management | Sanford Bernstein | General Mills Internal Equity | Arbor Capital | SIT | Boston Partners | Southeastern Small Cap | Numeric Small Cap | WA |
|---|------------------|-------------------------------------|----------------------|--|------------------|------------|--------------------|---------------------------|----------------------|----|
| Net appreciation (depreciation) in fair value of investments: | | | | | | | | | | |
| Interest-bearing cash | \$ | | | (97,500) | | | | | | |
| U.S. government securities | | | | (444,850) | | | | | | |
| Corporate debt | | | | (281,937) | | | 275,822 | | | |
| Corporate stock preferred | | | | | | | 208,309 | | | |
| Corporate stock common | (4,726,384) | 1,857,329 | 10,109,937 | (643,358) | 3,099,960 | 10,758,042 | 14,979,865 | | | |
| Common/collective trust | | | | | | | | | 4,818,861 | |
| Registered investment companies | | | | (100,060) | | | 52,130 | 6,076,432 | | |
| Investment contracts | | | | | | | | | | |
| Limited partnership | | | | | | | | | | |
| Other investments | | | | 68,544 | | | | | | |
| Written options | | | | | | | 657,947 | | | |
| Foreign currency contracts | | | | (1,049,400) | | | | | | |
| Short sales | | | | | | | | | (1,788,744) | |
| Futures | | | | 5,129,427 | | | | | | 1, |
| Interest | 75,838 | 1,092,097 | 99,675 | 7,063,533 | 120,790 | 139,545 | 622,727 | | 1,027,494 | 5, |
| Dividends | 1,133,882 | 448,373 | 2,432,991 | 764,893 | 36,508 | 394,225 | 3,226,158 | 1,643,465 | | |
| Net investment gain (loss) for the year ended December 31, 2005 | \$ (3,516,664) | 3,397,800 | 12,642,603 | 10,409,290 | 3,257,258 | 11,291,813 | 20,022,957 | 7,719,897 | 4,057,610 | 5, |

(Continued)

GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

Disclosures on all investments funds of the MTIA in the Investment Trust and the net investment gain (loss) for the investment funds of the MTIA in the Investment Trust for the period from June 1, 2004 to December 31, 2004 are as follows:

Fair value as of December 31, 2004

| | Pooled Equity Fund | Pooled International Fund | Pooled Savings Fixed Fund | Alliance Equity | Reich & Tang | Numeric Investors | Mellon Capital | Pooled International Developed Markets | Pooled International Emerging Markets |
|------------------------|-----------------------|---------------------------------|---------------------------------|--------------------|-----------------|----------------------|-------------------|---|--|
| Short-term investments | \$ 1,461,683 | 1,053,377 | 17,553,087 | 4,068,189 | 4,605,832 | 152,434,218 | | 975,422 | 1,196,66 |
| Interest-bearing cash | 12,036,047 | 59,597,161 | | | | | | 64,987,027 | |

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Fair value as of December 31, 2004

| | | | | | | | | | |
|---------------------------------------|------------------|--------------|-------------|-------------|-------------|---------------|------------|--------------|------------|
| U.S. government securities | 34,570,085 | | | | | | | | |
| Corporate debt | 126,761,274 | | | | 980 | | | | |
| Corporate stock preferred | 2,380,580 | 496,643 | | | | | | 511,317 | |
| Corporate stock common | 1,164,022,063 | 54,630,731 | | 259,026,230 | 210,032,895 | 149,389,088 | | 57,866,443 | |
| Common/collective trust | 73,437,586 | 334,440,299 | 32,612,201 | | | | 94,525,425 | 290,768,342 | 65,439,99 |
| Registered investment companies | 33,634,095 | 119,194,322 | | | | | | 123,879,557 | |
| Investment contracts | | | 495,103,267 | | | | | | |
| Limited partnership | | 97,080,272 | | | | | | 33,872,317 | 72,170,72 |
| Other investments | 10,747,729 | 64,148,064 | | | | | | | 72,801,49 |
| Written options | (1,912,453) | | | | | | | | |
| Foreign currency contracts | | 4,966,430 | | | | | | 6,136,433 | |
| Short sales | | (54,630,731) | | | | (146,908,723) | | (58,027,412) | |
| Fair value as of December 31, 2004 | \$ 1,457,138,689 | 680,976,568 | 545,268,555 | 263,094,419 | 214,639,707 | 154,914,583 | 94,525,425 | 520,969,446 | 211,608,87 |

Net investment gain (loss) for the period from June 1, 2004 to December 31, 2004

| | Pooled Equity Fund | Pooled International Fund | Pooled Savings Fixed Fund | Alliance Equity | Reich & Tang | Numeric Investors | Mellon Capital | Pooled International Developed Markets | Pooled International Emerging Markets |
|---|-----------------------|---------------------------------|---------------------------------|--------------------|-----------------|----------------------|-------------------|---|--|
| Net appreciation (depreciation) in fair value of investments: | | | | | | | | | |
| Interest-bearing cash | \$ | 5,462,541 | | | | | | 5,879,380 | |
| U.S. government securities | 500,450 | | | | | | | | |
| Corporate debt | 54,656 | | | | | | | | |
| Corporate stock preferred | (122,644) | 105,687 | | | | | | 113,752 | |
| Corporate stock common | 117,453,525 | 690,368 | | 16,718,463 | 19,077,247 | 21,353,470 | | 743,049 | |
| Common/collective trust | 11,578,941 | 68,237,192 | 701,231 | | | | 8,215,618 | 61,495,279 | 11,949,00 |
| Registered investment companies | 2,017,559 | 7,346,371 | | | | | | 7,906,962 | |
| Investment contracts | | | 7,082 | | | | | | |
| Limited partnership | (2,675) | 16,875,024 | | | | | | 3,938,376 | 14,224,35 |
| Other investments | 215,534 | 16,669,500 | | | | | | 2,868,775 | 15,072,75 |
| Written options | 3,406,794 | | | | | | | | |
| Foreign currency contracts | | | | | | | | | |
| Short sales | | (5,913,168) | | | | (18,027,774) | | (6,364,394) | |
| Futures | (10,980,423) | (1,560,182) | | | | 12,265,890 | | (1,679,237) | |
| Interest | 18,627 | 11,412 | 15,045,672 | 26,035 | 52,148 | 1,098,481 | | 5,531 | 6,86 |
| Dividends | | | | 1,053,362 | 3,048,813 | | | | |
| Net investment gain (loss) for the period from June 1, 2004 to December 31, 2004 | \$ 124,140,344 | 107,924,745 | 15,753,985 | 17,797,860 | 22,178,208 | 16,690,067 | 8,215,618 | 74,907,473 | 41,252,97 |

(Continued)

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GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

Fair value as of December 31, 2005

| | RCM Large Cap | Southeastern Asset Management | Sanford Bernstein | General Mills Internal Equity | Arbor Capital | SIT | Boston Partners | Southeastern Small Cap | Numeric Small Cap | WAMCO |
|------------------------------------|------------------|-------------------------------------|----------------------|--|------------------|------------|--------------------|---------------------------|----------------------|------------|
| Short-term investments | \$ 4,083,832 | 9,172,737 | 4,759,138 | 22,850,942 | 3,100,087 | 3,563,160 | 5,576,887 | | 33,237,234 | 10,053,690 |
| Interest-bearing cash | | | | 15,679,630 | | | 1,889 | | | 129,597 |
| U.S. government securities | | | | 31,993,728 | | | | | | 12,544,717 |
| Corporate debt | | | | 91,224,491 | | | 2,118,108 | | | 70,329,727 |
| Corporate stock preferred | | | | | | | 2,261,317 | | | 185,000 |
| Corporate stock common | 209,568,130 | 67,126,079 | 120,615,579 | 149,386 | 66,269,712 | 65,983,821 | 147,598,895 | | 31,101,037 | |
| Common/collective trust | | | | | | | | | | |
| Registered investment companies | | | | | | | | 71,820,499 | | |
| Investment contracts | | | | | | | | | | |
| Limited partnership | | | | | | | | | | |
| Other investments | | | | 11,848,106 | | | | | | 2,180,848 |
| Written options | | | | (962,500) | | | (1,348,285) | | | |
| Foreign currency contracts | | | | | | | | | | |
| Short sales | | | | | | | | | (30,814,428) | |
| Fair value as of December 31, 2004 | \$ 213,651,962 | 76,298,816 | 125,374,717 | 172,783,783 | 69,369,799 | 69,546,981 | 156,208,811 | 71,820,499 | 33,523,843 | 95,423,579 |

Net investment gain (loss) for the period from June 1, 2004 to December 31, 2004

| | RCM Large Cap | Southeastern Asset Management | Sanford Bernstein | General Mills Internal Equity | Arbor Capital | SIT | Boston Partners | Southeastern Small Cap | Numeric Small Cap | WAMCO |
|---|------------------|-------------------------------------|----------------------|--|------------------|-----------|--------------------|---------------------------|----------------------|-----------|
| Net appreciation (depreciation) in fair value of investments: | | | | | | | | | | |
| Interest-bearing cash | \$ | | | | | | | | | |
| U.S. government securities | | | | 205,402 | | | | | | (107,758) |
| Corporate debt | | | | (400,307) | | | 441,007 | | | (369,193) |
| Corporate stock preferred | | | | | | | 171,378 | | | |
| Corporate stock common | 9,205,208 | 5,761,001 | 11,906,329 | (145,422) | 2,134,242 | 6,251,418 | 19,737,570 | | | |
| Common/collective trust | | | | | | | | | 8,410,287 | |
| Registered investment companies | | | | | | | | 6,960,531 | | |

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Fair value as of December 31, 2005

| | | | | | | | | | | |
|--|---------------|-----------|------------|------------|-----------|-----------|------------|-----------|-------------|-----------|
| Investment contracts | | | | | | | | | | |
| Limited partnership | | | | | | | | | | |
| Other investments | | | | 41,560 | | | | | | 116,199 |
| Written options | | | | | | | (376,320) | | | |
| Foreign currency contracts | | | | 1,049,400 | | | | | | |
| Short sales | | | | | | | | | (5,055,202) | |
| Futures | | | | 11,122,605 | | | | | | 7,079,403 |
| Interest | 68,931 | 65,936 | 20,981 | 3,039,353 | 29,428 | 22,895 | 73,592 | | 187,805 | 1,976,964 |
| Dividends | 1,684,284 | 377,179 | 1,493,144 | 249,035 | 22,964 | 142,226 | 1,720,939 | 1,008,229 | | |
| Net investment gain (loss) for the period from June 1, 2004 to December 31, 2004 | \$ 10,958,423 | 6,204,116 | 13,420,454 | 15,161,626 | 2,186,634 | 6,416,539 | 21,768,166 | 7,968,760 | 3,542,890 | 8,695,615 |

(Continued)

GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

(a) *Futures Transactions and Foreign Exchange Contracts*

In order to gain exposure to or attempt to protect itself from changes in the market, the Investment Trust may buy and sell stock index futures contracts. Risks of entering into futures contracts, in general, include the possibility there may be an illiquid market and that a change in the value of the contract may not correlate with changes in the value of the underlying securities. Upon entering into a futures contract, the Investment Trust is required to deposit as collateral either cash or securities in an amount (initial margin) equal to a certain percentage of the contract value. Subsequent payments (variation margin) are made or received by the Investment Trust each day. The variation margin payments are equal to the daily changes in the contract value and are recorded as gains and losses.

Certain assets managed by General Mills internal management have a variation margin payable at December 31, 2005 and 2004 totaling \$(721,127) and \$(163,087), respectively. Investments managed by General Mills internal management, that are held by brokers as collateral on contracts, totaled \$10,899,012 and \$15,756,630 at December 31, 2005 and 2004, respectively. The assets are fair valued on a daily basis and gains and losses are recorded daily.

Certain assets managed by Numeric Investors have a variation margin receivable (payable) at December 31, 2005 and 2004 totaling \$(985,417) and \$188,020, respectively. Investments managed by Numeric Investors that are held by brokers as collateral on contracts totaled \$13,371,346 and \$13,173,431 at December 31, 2005 and 2004, respectively. The assets are fair valued on a daily basis and gains and losses are recorded daily.

Certain assets managed by Western Asset Management Company have a variation margin payable at December 31, 2005 and 2004 totaling \$(510,768) and \$(78,256), respectively. Investments managed by Western Asset Management Company that are held by brokers as collateral on contracts totaled \$6,751,000 and \$10,183,287 at December 31, 2005 and 2004, respectively. The assets are fair valued on a daily basis and gains and losses are recorded daily.

The Bank of New York Fund, which is contained in the Pooled International Developed Markets Fund, consists of numerous foreign exchange contracts. The net valuation, in U.S. dollars, of the contracts totaled \$(1,138,965) and \$439,108 on December 31, 2005 and 2004, respectively. The position of the contracts is valued daily and gains and losses are recorded daily.

(b) Options Transactions

In order to produce incremental earnings, attempt to protect gains, and facilitate buying and selling of securities for investment purposes, the Trust may buy and sell put and call options, write covered call options on portfolio securities, and write cash-secured puts. The risk in writing a call option is that the fund gives up the opportunity for profit if the market price of the security increases. In writing a put option, the fund may incur a loss if the market price of the security decreases and the option is exercised. In buying an option, the fund pays a premium whether or not the option is exercised. The Investment Trust also has the additional risk of not being able to enter into a closing transaction if a liquid secondary market does not exist. The Trust also may write over-the-counter options where the completion of the obligations is dependent upon the credit standing of the other party.

(Continued)

GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

Boston Partners Fund had 2,491 and 4,941 option contracts outstanding with market values of \$(1,686,885) and \$(1,348,285) and proceeds of \$944,488 and \$936,806 on December 31, 2005 and 2004, respectively.

General Mills Internal Management had 75 option contracts outstanding with a market value of \$25,313 and proceeds of \$131,588 on December 31, 2005.

(6) Company Stock Fund

The Company Stock Fund consists of common stock of General Mills and cash for dividends and fractional shares. At December 31, 2005 and 2004, the market value of the shares held was \$104,439,828 and \$106,363,834, respectively, and the number of shares held was 2,117,596 and 2,139,686, respectively. At December 31, 2005 and 2004, the value of the cash held was \$1,421,052 and \$29,147, respectively. Participants should refer to the consolidated financial statements of General Mills and subsidiaries included in the Company's Annual Report to Stockholders, which is distributed to all participants in the Plan.

(7) ESOP Fund

The ESOP Fund consists of common stock of General Mills and cash for dividends and fractional shares. All amounts credited to participants' ESOP accounts will be invested in the ESOP Fund. Participants may then elect to transfer balances from the ESOP Fund to any of the Plan's other investment funds (see Footnote 4). However, no amounts may be transferred from any of the other investment funds into the ESOP Fund.

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The ESOP Fund is presented in the following table:

| | December 31, 2005 | | December 31, 2004 | |
|------------------------------|-------------------|-------------|-------------------|-------------|
| | Allocated | Unallocated | Allocated | Unallocated |
| General Mills common shares: | | | | |
| Number of shares | 5,163,360 | 216,111 | 5,431,354 | 406,062 |
| Cost | \$ 103,726,105 | 2,662,074 | 100,365,407 | 4,986,409 |
| Market | 254,656,901 | 10,658,615 | 269,992,629 | 20,185,376 |

In June 1989, the Plan borrowed \$92.4 million in a private loan transaction and purchased shares of the Company's common stock. The 8.24% loan provides for quarterly payments through June 30, 2007 and is guaranteed by the Company. The remaining loan will be repaid using future Company contributions and dividends paid on Company stock owned by the Investment Trust.

(Continued)

GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2005 and 2004

The amount of debt that becomes due in the next two years is as follows:

| | |
|--------------------------|--------------|
| Year ending December 31: | |
| 2006 | \$ 2,213,000 |
| 2007 | 1,801,000 |
| | \$ 4,014,000 |

(8) Tax Status

The Plan obtained its latest determination letter on March 28, 2003 in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the Code). The Plan has been amended since receiving the determination letter. However, the plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, they believe that the Plan was qualified and the related trust was tax exempt as of the financial statement date.

(9) Parties-in-Interest

Mellon Trust is a party-in-interest under the Pension Reform Act with respect to the Plan. Investments held by Mellon Trust are exempt from being considered as prohibited transactions under the Employee Retirement Income Security Act of 1974 (ERISA) Section 408(b).

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Fidelity Investments is a party-in-interest with respect to the Plan. Fidelity is the Recordkeeper of the Plan and acts as the Broker on the Fidelity BrokerageLink account. In the opinion of the Plan's management, transactions between the Plan and the Recordkeeper are exempt from being considered as prohibited transactions under ERISA Section 408(b). Subsequent to December 31, 2005, Fidelity was replaced by Hewitt Associates as the Recordkeeper of the Plan, and the Fidelity BrokerageLink account was replaced with the Schwab Personal Choice Retirement Account.

The Company is a party-in-interest with respect to the Plan. The Company is the administrator of the Plan and the ESOP Fund. The Plan invests in common stock of the Company. In addition, the Plan reimburses the Company for services provided, such as wages and travel expenses, associated with the Plan. The cost of services provided for the year ended December 31, 2005 and for the period from June 1, 2004 to December 31, 2004 were \$422,959 and \$301,614, respectively. The Company believes these activities are exempt when considering prohibited transactions under ERISA Section 408(b).

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Schedule 1

GENERAL MILLS 401(k) SAVINGS PLAN

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

December 31, 2005

| Issuer | Face amount or number of units | Cost | Current value |
|---|--------------------------------------|----------------|------------------|
| Common stock: | | | |
| General Mills, Inc.*: | | | |
| Participant-directed | 7,280,956 | \$ 175,386,229 | 359,096,729 |
| Nonparticipant-directed | 216,111 | 2,662,074 | 10,658,615 |
| Unallocated insurance contracts: | | | |
| Monumental Life Insurance | 12,500,021 | 12,500,021 | 12,500,021 |
| Short-term investment fund: | | | |
| TBC, Inc. Pooled Employee Funds | | | |
| Daily Liquidity Fund* | 11,047,409 | 11,047,409 | 11,047,409 |
| Participant loan fund* | | | |
| (interest rates ranging from 6.25% to 8.0%) | 26,123,433 | 26,123,433 | 26,123,433 |
| Directed Brokerage Fund | | ** | 50,708,076 |

- * Party-in-interest.
- ** Participant-directed investment.

See accompanying independent auditors' report.

Schedule II

GENERAL MILLS 401(k) SAVINGS PLAN

Schedule H, Line 4j Schedule of Reportable Transactions

Year ended December 31, 2005

5% series of transactions by security issue (iii):

| Issuer/description | Purchase price | Selling price | Cost of asset | Current value | Net gain (loss) |
|---------------------------------|-----------------------|----------------------|----------------------|----------------------|------------------------|
| Short-term investment fund: | | | | | |
| TBC, Inc. Pooled Employee Funds | | | | | |
| Daily Liquidity Fund | \$ 172,652,587 | 171,364,975 | 171,364,975 | 171,364,975 | |

See accompanying independent auditors' report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Committee of the General Mills 401(k) Savings Plan has duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

GENERAL MILLS 401(k) SAVINGS PLAN

By: /s/ Jeanne Denz
Jeanne Denz, Secretary
Plan Committee of the General Mills 401(k) Savings Plan

Date: June 29, 2006

EXHIBIT INDEX

| Exhibit Number | Description |
|---------------------------|----------------------|
| 23 | Consent of KPMG LLP. |
