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 28, 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

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 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 ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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.

Large accelerated filer ☑ 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☑

Number of shares of Common Stock outstanding as of March 15, 2021: 609,971,269 (excluding 144,642,059 shares held in the treasury).

General Mills, Inc.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Quarter Ended		Nine-Month Period Ended	
	Feb. 28, 2021	Feb. 23, 2020	**Feb. 28, 2021**	Feb. 23, 2020
Net sales	**$ 4,520.0**	$ 4,180.3	**$ 13,603.4**	$ 12,603.6
Cost of sales	**2,966.1**	2,777.1	**8,738.0**	8,241.8
Selling, general, and administrative expenses	**716.3**	746.6	**2,256.6**	2,224.5
Restructuring, impairment, and other exit costs	**11.0**	5.8	**11.9**	12.9
Operating profit	**826.6**	650.8	**2,596.9**	2,124.4
Benefit plan non-service income	**(33.4)**	(30.3)	**(99.6)**	(90.7)
Interest, net	**106.0**	109.8	**317.7**	347.9
Earnings before income taxes and after-tax earnings from joint ventures	**754.0**	571.3	**2,378.8**	1,867.2
Income taxes	**162.0**	118.2	**522.2**	340.9
After-tax earnings from joint ventures	**11.8**	10.8	**89.5**	57.5
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**603.8**	463.9	**1,946.1**	1,583.8
Net earnings attributable to redeemable and noncontrolling interests	**8.1**	9.8	**23.1**	28.3
Net earnings attributable to General Mills	**$ 595.7**	$ 454.1	**$ 1,923.0**	$ 1,555.5
Earnings per share – basic	**$ 0.97**	$ 0.75	**$ 3.13**	$ 2.56
Earnings per share – diluted	**$ 0.96**	$ 0.74	**$ 3.10**	$ 2.54

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

GENERAL MILLS, INC. AND SUBSIDIARIES

(Unaudited) (In Millions)

	Quarter Ended		Nine-Month Period Ended	
	Feb. 28, 2021	Feb. 23, 2020	**Feb. 28, 2021**	Feb. 23, 2020
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**$ 603.8**	$ 463.9	**$ 1,946.1**	$ 1,583.8
Other comprehensive income (loss), net of tax:				
Foreign currency translation	**12.5**	(22.0)	**102.4**	(28.5)
Other fair value changes:				
Hedge derivatives	**0.1**	(6.4)	**(10.1)**	(15.4)
Reclassification to earnings:				
Hedge derivatives	**5.4**	4.0	**4.7**	3.6
Amortization of losses and prior service costs	**19.8**	19.6	**59.1**	58.8
Other comprehensive income (loss), net of tax	**37.8**	(4.8)	**156.1**	18.5
Total comprehensive income	**641.6**	459.1	**2,102.2**	1,602.3
Comprehensive income (loss) attributable to redeemable and noncontrolling interests	**21.0**	(0.3)	**107.5**	5.9
Comprehensive income attributable to General Mills	**$ 620.6**	$ 459.4	**$ 1,994.7**	$ 1,596.4

See accompanying notes to consolidated financial statements.

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

	Feb. 28, 2021 (Unaudited)	May 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 2,754.2**	$ 1,677.8
Receivables	**1,776.2**	1,615.1
Inventories	**1,758.8**	1,426.3
Prepaid expenses and other current assets	**323.2**	402.1
Total current assets	**6,612.4**	5,121.3
Land, buildings, and equipment	**3,505.5**	3,580.6
Goodwill	**14,034.6**	13,923.2
Other intangible assets	**7,148.3**	7,095.8
Other assets	**1,348.0**	1,085.8
Total assets	**$ 32,648.8**	$ 30,806.7
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	**$ 3,391.6**	$ 3,247.7
Current portion of long-term debt	**3,899.8**	2,331.5
Notes payable	**184.6**	279.0
Other current liabilities	**2,113.7**	1,633.3
Total current liabilities	**9,589.7**	7,491.5
Long-term debt	**9,766.6**	10,929.0
Deferred income taxes	**2,006.2**	1,947.1
Other liabilities	**1,502.4**	1,545.0
Total liabilities	**22,864.9**	21,912.6
Redeemable interest	**596.0**	544.6
Stockholders' equity:		
Common stock, 754.6 shares issued, $0.10 par value	**75.5**	75.5
Additional paid-in capital	**1,353.8**	1,348.6
Retained earnings	**16,655.0**	15,982.1
Common stock in treasury, at cost, shares of 142.8 and 144.8	**(6,351.3)**	(6,433.3)
Accumulated other comprehensive loss	**(2,842.7)**	(2,914.4)
Total stockholders' equity	**8,890.3**	8,058.5
Noncontrolling interests	**297.6**	291.0
Total equity	**9,187.9**	8,349.5
Total liabilities and equity	**$ 32,648.8**	$ 30,806.7

See accompanying notes to consolidated financial statements.

Consolidated Statements of Total Equity and Redeemable Interest

GENERAL MILLS, INC. AND SUBSIDIARIES

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

	Quarter Ended			
	Feb. 28, 2021		Feb. 23, 2020	
	Shares	Amount	Shares	Amount
Total equity, beginning balance		$ 8,852.6		$ 8,020.6
Common stock, 1 billion shares authorized, $0.10 par value	754.6	75.5	754.6	75.5
Additional paid-in capital:				
Beginning balance		1,333.3		1,387.0
Stock compensation plans		(8.3)		(36.2)
Unearned compensation related to stock unit awards		(0.5)		(1.4)
Earned compensation		20.7		17.8
Decrease (increase) in redemption value of redeemable interest		8.6		(32.3)
Ending balance		1,353.8		1,334.9
Retained earnings:				
Beginning balance		16,374.2		15,501.8
Comprehensive income		595.7		454.1
Cash dividends declared ($0.51 and $0.98 per share)		(314.9)		(595.9)
Ending balance		16,655.0		15,360.0
Common stock in treasury:				
Beginning balance	(143.2)	(6,365.4)	(150.0)	(6,662.2)
Shares purchased	-	(0.5)	-	(2.7)
Stock compensation plans	0.4	14.6	1.2	54.1
Ending balance	(142.8)	(6,351.3)	(148.8)	(6,610.8)
Accumulated other comprehensive loss:				
Beginning balance		(2,867.6)		(2,589.8)
Comprehensive income		24.9		5.3
Ending balance		(2,842.7)		(2,584.5)
Noncontrolling interests:				
Beginning balance		302.6		308.3
Comprehensive income (loss)		3.7		(1.5)
Distributions to noncontrolling interest holders		(8.7)		(21.8)
Ending balance		297.6		285.0
Total equity, ending balance		$ 9,187.9		$ 7,860.1
Redeemable interest:				
Beginning balance		$ 587.7		$ 545.1
Comprehensive income		17.3		1.2
(Decrease) increase in redemption value of redeemable interest		(8.6)		32.3
Distributions to redeemable interest holder		(0.4)		(40.0)
Ending balance		$ 596.0		$ 538.6

See accompanying notes to consolidated financial statements.

Consolidated Statements of Total Equity and Redeemable Interest

GENERAL MILLS, INC. AND SUBSIDIARIES

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

	Nine-Month Period Ended			
	Feb. 28, 2021		Feb. 23, 2020	
	Shares	**Amount**	**Shares**	**Amount**
Total equity, beginning balance		**$ 8,349.5**		$ 7,367.7
Common stock, 1 billion shares authorized, $0.10 par value	**754.6**	**75.5**	754.6	75.5
Additional paid-in capital:				
Beginning balance		**1,348.6**		1,386.7
Stock compensation plans		**12.9**		(22.4)
Unearned compensation related to stock unit awards		**(78.2)**		(71.3)
Earned compensation		**68.9**		65.1
Decrease (increase) in redemption value of redeemable interest		**1.6**		(23.2)
Ending balance		**1,353.8**		1,334.9
Retained earnings:				
Beginning balance		**15,982.1**		14,996.7
Comprehensive income		**1,923.0**		1,555.5
Cash dividends declared ($2.02 and $1.96 per share)		**(1,244.4)**		(1,192.2)
Adoption of current expected credit loss accounting requirements		**(5.7)**		-
Ending balance		**16,655.0**		15,360.0
Common stock in treasury:				
Beginning balance	**(144.8)**	**(6,433.3)**	(152.7)	(6,779.0)
Shares purchased	**-**	**(0.6)**	-	(2.8)
Stock compensation plans	**2.0**	**82.6**	3.9	171.0
Ending balance	**(142.8)**	**(6,351.3)**	(148.8)	(6,610.8)
Accumulated other comprehensive loss:				
Beginning balance		**(2,914.4)**		(2,625.4)
Comprehensive income		**71.7**		40.9
Ending balance		**(2,842.7)**		(2,584.5)
Noncontrolling interests:				
Beginning balance		**291.0**		313.2
Comprehensive income		**31.8**		2.2
Distributions to noncontrolling interest holders		**(25.2)**		(30.4)
Ending balance		**297.6**		285.0
Total equity, ending balance		**$ 9,187.9**		$ 7,860.1
Redeemable interest:				
Beginning balance		**$ 544.6**		$ 551.7
Comprehensive income		**75.7**		3.7
(Decrease) increase in redemption value of redeemable interest		**(1.6)**		23.2
Distributions to redeemable interest holder		**(22.7)**		(40.0)
Ending balance		**$ 596.0**		$ 538.6

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

GENERAL MILLS, INC. AND SUBSIDIARIES

(Unaudited) (In Millions)

	Nine-Month Period Ended	
	Feb. 28, 2021	**Feb. 23, 2020**
Cash Flows - Operating Activities		
Net earnings, including earnings attributable to redeemable and noncontrolling interests	**$ 1,946.1**	$ 1,583.8
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	**454.5**	456.4
After-tax earnings from joint ventures	**(89.5)**	(57.5)
Distributions of earnings from joint ventures	**41.9**	37.7
Stock-based compensation	**69.5**	66.0
Deferred income taxes	**110.9**	1.7
Pension and other postretirement benefit plan contributions	**(25.7)**	(21.7)
Pension and other postretirement benefit plan costs	**(25.5)**	(23.2)
Restructuring, impairment, and other exit costs	**5.7**	20.6
Changes in current assets and liabilities	**(145.4)**	91.3
Other, net	**(134.6)**	4.7
Net cash provided by operating activities	**2,207.9**	2,159.8
Cash Flows - Investing Activities		
Purchases of land, buildings, and equipment	**(346.4)**	(269.4)
Investments in affiliates, net	**18.1**	(40.9)
Proceeds from disposal of land, buildings, and equipment	**1.8**	0.9
Other, net	**(5.5)**	4.8
Net cash used by investing activities	**(332.0)**	(304.6)
Cash Flows - Financing Activities		
Change in notes payable	**(96.9)**	(282.9)
Issuance of long-term debt	**1,576.5**	867.8
Payment of long-term debt	**(1,159.0)**	(1,396.5)
Debt exchange participation incentive cash payment	**(201.4)**	-
Proceeds from common stock issued on exercised options	**39.4**	109.4
Purchases of common stock for treasury	**(0.6)**	(2.8)
Dividends paid	**(932.4)**	(895.4)
Distributions to noncontrolling and redeemable interest holders	**(47.9)**	(70.4)
Other, net	**(30.4)**	(20.6)
Net cash used by financing activities	**(852.7)**	(1,691.4)
Effect of exchange rate changes on cash and cash equivalents	**53.2**	(6.9)
Increase in cash and cash equivalents	**1,076.4**	156.9
Cash and cash equivalents - beginning of year	**1,677.8**	450.0
Cash and cash equivalents - end of period	**$ 2,754.2**	$ 606.9
Cash Flow from changes in current assets and liabilities:		
Receivables	**$ (119.2)**	$ (60.3)
Inventories	**(302.2)**	2.5
Prepaid expenses and other current assets	**58.8**	54.8
Accounts payable	**154.7**	119.9
Other current liabilities	**62.5**	(25.6)
Changes in current assets and liabilities	**$ (145.4)**	$ 91.3

See accompanying notes to consolidated financial statements.

(1) Background

The accompanying Consolidated Financial Statements of General Mills, Inc. (we, us, our, General Mills, or the Company) have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the rules and regulations for reporting on Form 10-Q. Accordingly, they do not include certain information and disclosures required for comprehensive financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature, including the elimination of all intercompany transactions and any noncontrolling and redeemable interests' share of those transactions. Operating results for the quarter ended February 28, 2021, are not necessarily indicative of the results that may be expected for the fiscal year ending May 30, 2021.

These statements should be read in conjunction with the Consolidated Financial Statements and footnotes included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2020. The accounting policies used in preparing these Consolidated Financial Statements are the same as those described in Note 2 to the Consolidated Financial Statements in that Form 10-K with the exception of new requirements adopted in the first quarter of fiscal 2021.

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.

Certain terms used throughout this report are defined in the "Glossary" section below.

(2) Restructuring, Impairment, and Other Exit Costs

Restructuring charges were as follows:

	Quarter Ended		Nine-Month Period Ended	
In Millions	**Feb. 28, 2021**	**Feb. 23, 2020**	**Feb. 28, 2021**	**Feb. 23, 2020**
Asia & Latin America route-to-market and supply chain optimization	**$ 11.5**	$ -	**$ 11.5**	$ -
Charges associated with restructuring actions previously announced	**0.2**	12.4	**2.1**	37.2
Total restructuring charges	**$ 11.7**	$ 12.4	**$ 13.6**	$ 37.2

In the third quarter of 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 $21 million of restructuring charges related to these actions, of which approximately $15 million will be cash. These charges are expected to consist of approximately $10 million of severance and $11 million of other costs, primarily asset write-offs. We recognized $8.9 million of severance and $2.6 million of other costs in the third quarter of 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 counsel consultations, where required.

We paid net $7.9 million of cash in the nine-month period ended February 28, 2021, related to restructuring actions. We paid net $16.6 million of cash in the same period of fiscal 2020.

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

	Quarter Ended		Nine-Month Period Ended	
In Millions	**Feb. 28, 2021**	**Feb. 23, 2020**	**Feb. 28, 2021**	**Feb. 23, 2020**
Restructuring, impairment, and other exit costs	**$ 11.0**	$ 5.8	**$ 11.9**	$ 12.9
Cost of sales	**0.7**	6.6	**1.7**	24.3
Total restructuring charges	**$ 11.7**	$ 12.4	**$ 13.6**	$ 37.2
Project-related costs classified in cost of sales	**$ -**	$ 0.4	**$ -**	$ 1.1

(3) Goodwill and Other Intangible Assets

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

In Millions	**Feb. 28, 2021**	**May 31, 2020**
Goodwill	**$ 14,034.6**	$ 13,923.2
Other intangible assets:		
Intangible assets not subject to amortization:		
Brands and other indefinite-lived intangibles	**6,619.1**	6,561.4
Intangible assets subject to amortization:		
Franchise agreements, customer relationships, and other finite-lived intangibles	**817.5**	777.8
Less accumulated amortization	**(288.3)**	(243.4)
Intangible assets subject to amortization, net	**529.2**	534.4
Other intangible assets	**7,148.3**	7,095.8
Total	**$ 21,182.9**	$ 21,019.0

Based on the carrying value of finite-lived intangible assets as of February 28, 2021, annual 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 during the nine-month period ended February 28, 2021 were as follows:

In Millions	**North America Retail**	**Pet**	**Convenience Stores & Foodservice**	**Europe & Australia**	**Asia & Latin America**	**Joint Ventures**	**Total**
Balance as of May 31, 2020	$ 6,403.7	$ 5,300.5	$ 918.8	$ 690.7	$ 203.8	$ 405.7	$ 13,923.2
Other activity, primarily foreign currency translation	9.0	-	-	66.3	0.5	35.6	111.4
Balance as of Feb. 28, 2021	**$ 6,412.7**	**$ 5,300.5**	**$ 918.8**	**$ 757.0**	**$ 204.3**	**$ 441.3**	**$ 14,034.6**

The changes in the carrying amount of other intangible assets during the nine-month period ended February 28, 2021 were as follows:

In Millions	**Total**
Balance as of May 31, 2020	$ 7,095.8
Other activity, primarily foreign currency translation	52.5
Balance as of Feb. 28, 2021	**$ 7,148.3**

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.

(4) Inventories

The components of inventories were as follows:

In Millions		Feb. 28, 2021		May 31, 2020
Raw materials and packaging	**$**	**420.4**	$	392.2
Finished goods		**1,418.5**		1,142.6
Grain		**119.0**		93.6
Excess of FIFO over LIFO cost		**(199.1)**		(202.1)
Total	**$**	**1,758.8**	$	1,426.3

(5) Risk Management Activities

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 to our planned cost as possible.

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 the quarters and nine-month periods ended February 28, 2021, and February 23, 2020, included:

	Quarter Ended				Nine-Month Period Ended			
In Millions		Feb. 28, 2021		Feb. 23, 2020		Feb. 28, 2021		Feb. 23, 2020
Net gain (loss) on mark-to-market valuation of certain commodity positions	**$**	**51.0**	$	(8.7)	**$**	**95.0**	$	(19.7)
Net (gain) loss on commodity positions reclassified from unallocated corporate items to segment operating profit		**(3.9)**		4.5		**12.8**		19.8
Net mark-to-market revaluation of certain grain inventories		**8.6**		(4.4)		**10.2**		(1.1)
Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items	**$**	**55.7**	$	(8.6)	**$**	**118.0**	$	(1.0)

As of February 28, 2021, the net notional value of commodity derivatives was $280.0 million, of which $52.0 million related to energy inputs and $228.0 million related to agricultural inputs. These contracts relate to inputs that generally will be utilized within the next 12 months.

In advance of planned debt financing, in the fourth quarter of fiscal 2020, we entered into $300.0 million 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 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 interest rate swap to convert a portion of our $850.0 million floating-rate notes due April 16, 2021, to a fixed rate.

The fair values of the derivative positions used in our risk management activities and other assets recorded at fair value were not material as of February 28, 2021, and were Level 1 or Level 2 assets and liabilities in the fair value hierarchy. We did not significantly change our valuation techniques from prior periods.

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 these services. All of our accounts payable remain as obligations to our suppliers as stated in our supplier agreements. As of February 28, 2021, $1,420.3 million of our total accounts payable were payable to suppliers who utilize these third party services.

(6) Debt

The components of notes payable were as follows:

In Millions	**Feb. 28, 2021**	**May 31, 2020**
U.S. commercial paper	**$ -**	$ 99.9
Financial institutions	**184.6**	179.1
Total	**$ 184.6**	$ 279.0

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 committed 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 February 28, 2021:

In Billions	**Facility Amount**	**Borrowed Amount**
Credit facility expiring:		
May 2022	$ 2.7	$ -
September 2022	0.2	0.1
Total committed credit facilities	2.9	0.1
Uncommitted credit facilities	0.6	0.1
Total committed and uncommitted credit facilities	$ 3.5	$ 0.2

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 February 28, 2021.

Long-Term Debt

The fair values and carrying amounts of long-term debt, including the current portion, were $14,760.9 million and $13,666.4 million, respectively, as of February 28, 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.

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.

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.

Certain of our long-term debt agreements contain restrictive covenants. As of February 28, 2021, we were in compliance with all of these covenants.

(7) Redeemable and Noncontrolling Interests

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 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 February 28, 2021, the redemption value of the euro-denominated redeemable interest was $596.0 million.

A subsidiary of Yoplait SAS has an exclusive milk supply agreement for its European operations with Sodiaal through July 1, 2021. Net purchases totaled $155.0 million for the nine-month period ended February 28, 2021, and $141.4 million for the nine-month period ended February 23, 2020.

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.

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 $251.5 million). On June 1, 2018, the floating preferred return rate on GMC's Class A Interests was reset to the sum of three-month LIBOR plus 142.5 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.

Our noncontrolling interests contain restrictive covenants. As of February 28, 2021, we were in compliance with all of these covenants.

(8) Stockholders' Equity

The following tables provide details of total comprehensive income:

	Quarter Ended Feb. 28, 2021					Quarter Ended Feb. 23, 2020				
	General Mills			Noncontrolling Interests	Redeemable Interest	General Mills			Noncontrolling Interests	Redeemable Interest
In Millions	**Pretax**	**Tax**	**Net**	**Net**	**Net**	**Pretax**	**Tax**	**Net**	**Net**	**Net**
Net earnings, including earnings attributable to redeemable and noncontrolling interests			**$ 595.7**	**$ 1.1**	**$ 7.0**			$ 454.1	$ 3.2	$ 6.6
Other comprehensive income (loss):										
Foreign currency translation	**$ (7.8)**	**$ 6.7**	**(1.1)**	**2.6**	**11.0**	$ (11.7)	$ -	(11.7)	(4.7)	(5.6)
Other fair value changes:										
Hedge derivatives	**2.5**	**(1.5)**	**1.0**	**-**	**(0.9)**	(7.7)	1.1	(6.6)	-	0.2
Reclassification to earnings:										
Hedge derivatives (a)	**6.8**	**(1.6)**	**5.2**	**-**	**0.2**	4.7	(0.7)	4.0	-	-
Amortization of losses and prior service costs (b)	**25.6**	**(5.8)**	**19.8**	**-**	**-**	25.4	(5.8)	19.6	-	-
Other comprehensive income (loss)	**$ 27.1**	**$ (2.2)**	**24.9**	**2.6**	**10.3**	$ 10.7	$ (5.4)	5.3	(4.7)	(5.4)
Total comprehensive income (loss)			**$ 620.6**	**$ 3.7**	**$ 17.3**			$ 459.4	$ (1.5)	$ 1.2

(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.

In Millions	Nine-Month Period Ended Feb. 28, 2021 General Mills Pretax	Tax	Net	Noncontrolling Interests Net	Redeemable Interest Net	Nine-Month Period Ended Feb. 23, 2020 General Mills Pretax	Tax	Net	Noncontrolling Interests Net	Redeemable Interest Net
Net earnings, including earnings attributable to redeemable and noncontrolling interests			**$ 1,923.0**	**$ 3.9**	**$ 19.2**			$ 1,555.5	$ 11.7	$ 16.6
Other comprehensive income (loss):										
Foreign currency translation	**$ (41.4)**	**$ 58.3**	**16.9**	**27.9**	**57.6**	$ (7.3)	$ -	(7.3)	(9.5)	(11.7)
Other fair value changes:										
Hedge derivatives	**(11.1)**	**2.0**	**(9.1)**	**-**	**(1.0)**	(16.9)	2.7	(14.2)	-	(1.2)
Reclassification to earnings:										
Hedge derivatives (a)	**6.7**	**(1.9)**	**4.8**	**-**	**(0.1)**	4.5	(0.9)	3.6	-	-
Amortization of losses and prior service costs (b)	**76.7**	**(17.6)**	**59.1**	**-**	**-**	76.4	(17.6)	58.8	-	-
Other comprehensive income (loss)	**$ 30.9**	**$ 40.8**	**71.7**	**27.9**	**56.5**	$ 56.7	$ (15.8)	40.9	(9.5)	(12.9)
Total comprehensive income			**$ 1,994.7**	**$ 31.8**	**$ 75.7**			$ 1,596.4	$ 2.2	$ 3.7

(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.
(b) Loss reclassified from AOCI into earnings is reported in benefit plan non-service income.

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

In Millions	Feb. 28, 2021	May 31, 2020
Foreign currency translation adjustments	**$ (872.1)**	$ (889.0)
Unrealized loss from:		
Hedge derivatives	**(16.9)**	(12.6)
Pension, other postretirement, and postemployment benefits:		
Net actuarial loss	**(1,961.6)**	(2,022.5)
Prior service credits	**7.9**	9.7
Accumulated other comprehensive loss	**$ (2,842.7)**	$ (2,914.4)

(9) Stock Plans

We have various stock-based compensation programs under which awards, including stock options, restricted stock, restricted stock units, and performance awards, may be granted to employees and non-employee directors. These programs and related accounting are described in Note 12 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2020.

Compensation expense related to stock-based payments recognized in the Consolidated Statements of Earnings was as follows:

In Millions	Quarter Ended Feb. 28, 2021	Feb. 23, 2020	Nine-Month Period Ended Feb. 28, 2021	Feb. 23, 2020
Compensation expense related to stock-based payments	**$ 20.8**	$ 18.2	**$ 69.5**	$ 66.0

Windfall tax benefits from stock-based payments in income tax expense in our Consolidated Statements of Earnings were as follows:

In Millions	Quarter Ended Feb. 28, 2021	Feb. 23, 2020	Nine-Month Period Ended Feb. 28, 2021	Feb. 23, 2020
Windfall tax benefits from stock-based payments	**$ 1.6**	$ 4.1	**$ 8.4**	$ 12.3

As of February 28, 2021, unrecognized compensation expense related to non-vested stock options, restricted stock units, and performance share units was $123.2 million. This expense will be recognized over 21 months, on average.

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

In Millions	Nine-Month Period Ended Feb. 28, 2021	Feb. 23, 2020
Net cash proceeds	**$ 39.4**	$ 109.4
Intrinsic value of options exercised	**$ 24.2**	$ 54.0

We estimate the fair value of each stock option on the grant date using a Black-Scholes option-pricing model. Black-Scholes option-pricing models require us to make predictive assumptions regarding future stock price volatility, employee exercise behavior, and dividend yield. 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 method of selecting the other valuation assumptions is explained in Note 12 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2020.

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

	Nine-Month Period Ended	
	Feb. 28, 2021	**Feb. 23, 2020**
Estimated fair values of stock options granted	**$ 8.03**	$ 7.10
Assumptions:		
Risk-free interest rate	**0.7 %**	2.0 %
Expected term	**8.5 years**	8.5 years
Expected volatility	**19.5 %**	17.4 %
Dividend yield	**3.3 %**	3.6 %

The total grant date fair value of restricted stock unit awards that vested during the period follows:

	Nine-Month Period Ended	
In Millions	**Feb. 28, 2021**	**Feb. 23, 2020**
Total grant date fair value	**$ 73.0**	$ 57.1

(10) Earnings Per Share

Basic and diluted earnings per share (EPS) were calculated using the following:

	Quarter Ended		Nine-Month Period Ended	
In Millions, Except per Share Data	**Feb. 28, 2021**	**Feb. 23, 2020**	**Feb. 28, 2021**	**Feb. 23, 2020**
Net earnings attributable to General Mills	**$ 595.7**	$ 454.1	**$ 1,923.0**	$ 1,555.5
Average number of common shares - basic EPS	**615.0**	607.9	**614.6**	607.1
Incremental share effect from: (a)				
Stock options	**2.0**	2.6	**2.6**	2.8
Restricted stock units and performance share units	**2.4**	2.3	**2.4**	2.2
Average number of common shares - diluted EPS	**619.4**	612.8	**619.6**	612.1
Earnings per share – basic	**$ 0.97**	$ 0.75	**$ 3.13**	$ 2.56
Earnings per share – diluted	**$ 0.96**	$ 0.74	**$ 3.10**	$ 2.54

(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:

	Quarter Ended		Nine-Month Period Ended	
In Millions	**Feb. 28, 2021**	**Feb. 23, 2020**	**Feb. 28, 2021**	**Feb. 23, 2020**
Anti-dilutive stock options, restricted stock units, and performance share units	**4.8**	10.5	**3.4**	10.4

(11) Statements of Cash Flows

Our Consolidated Statements of Cash Flows include the following:

In Millions	Nine-Month Period Ended Feb. 28, 2021	Nine-Month Period Ended Feb. 23, 2020
Net cash interest payments	**$ 286.1**	$ 291.2
Net income tax payments	**$ 459.8**	$ 387.1

(12) Retirement and Postemployment Benefits

Components of net periodic benefit (income) expense are as follows:

	Defined Benefit Pension Plans		Other Postretirement Benefit Plans		Postemployment Benefit Plans	
	Quarter Ended		Quarter Ended		Quarter Ended	
In Millions	Feb. 28, 2021	Feb. 23, 2020	Feb. 28, 2021	Feb. 23, 2020	Feb. 28, 2021	Feb. 23, 2020
Service cost	**$ 26.1**	$ 23.3	**$ 2.0**	$ 2.3	**$ 2.3**	$ 2.1
Interest cost	**48.0**	57.7	**4.5**	6.8	**0.4**	0.7
Expected return on plan assets	**(105.3)**	(112.5)	**(8.7)**	(10.6)	**-**	-
Amortization of losses (gains)	**27.1**	26.5	**(1.3)**	(0.5)	**0.7**	0.2
Amortization of prior service costs (credits)	**0.3**	0.4	**(1.3)**	(1.3)	**0.1**	0.1
Other adjustments	**-**	-	**-**	-	**2.1**	2.2
Net (income) expense	**$ (3.8)**	$ (4.6)	**$ (4.8)**	$ (3.3)	**$ 5.6**	$ 5.3

	Defined Benefit Pension Plans		Other Postretirement Benefit Plans		Postemployment Benefit Plans	
	Nine-Month Period Ended		Nine-Month Period Ended		Nine-Month Period Ended	
In Millions	Feb. 28, 2021	Feb. 23, 2020	Feb. 28, 2021	Feb. 23, 2020	Feb. 28, 2021	Feb. 23, 2020
Service cost	**$ 78.1**	$ 69.7	**$ 6.3**	$ 7.1	**$ 6.9**	$ 6.3
Interest cost	**143.9**	173.0	**13.5**	20.4	**1.2**	2.0
Expected return on plan assets	**(315.4)**	(337.5)	**(26.0)**	(31.6)	**-**	-
Amortization of losses (gains)	**81.1**	79.9	**(3.8)**	(1.6)	**2.1**	0.5
Amortization of prior service costs (credits)	**0.9**	1.2	**(4.1)**	(4.1)	**0.5**	0.5
Other adjustments	**-**	-	**-**	-	**6.5**	6.6
Net (income) expense	**$ (11.4)**	$ (13.7)	**$ (14.1)**	$ (9.8)	**$ 17.2**	$ 15.9

(13) Income Taxes

During the first quarter of fiscal 2020, we reorganized certain wholly owned subsidiaries, including the movement of certain assets between legal entities. As a result of these actions, we recorded a $53.1 million decrease to our deferred income tax liabilities, with a corresponding discrete, non-cash reduction to income taxes in the first quarter of fiscal 2020.

(14) Contingencies

During 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 February 28, 2021, we are unable to estimate any possible loss and have not recorded a loss contingency for this matter.

(15) Business Segment and Geographic Information

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

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.

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	Quarter Ended Feb. 28, 2021	Quarter Ended Feb. 23, 2020	Nine-Month Period Ended Feb. 28, 2021	Nine-Month Period Ended Feb. 23, 2020
Net sales:				
North America Retail	**$ 2,726.8**	$ 2,501.9	**$ 8,355.3**	$ 7,554.1
Europe & Australia	**484.2**	421.9	**1,442.6**	1,308.9
Pet	**436.3**	383.5	**1,288.0**	1,140.0
Asia & Latin America	**455.6**	408.2	**1,268.3**	1,177.3
Convenience Stores & Foodservice	**417.1**	464.8	**1,249.2**	1,423.3
Total	**$ 4,520.0**	$ 4,180.3	**$ 13,603.4**	$ 12,603.6
Operating profit:				
North America Retail	**$ 605.7**	$ 532.0	**$ 2,002.8**	$ 1,734.4
Europe & Australia	**29.4**	22.1	**118.3**	81.1
Pet	**102.3**	94.0	**311.9**	255.7
Asia & Latin America	**12.0**	8.1	**62.5**	42.6
Convenience Stores & Foodservice	**63.7**	92.1	**211.6**	298.4
Total segment operating profit	**$ 813.1**	$ 748.3	**$ 2,707.1**	$ 2,412.2
Unallocated corporate items	**(24.5)**	91.7	**98.3**	274.9
Restructuring, impairment, and other exit costs	**11.0**	5.8	**11.9**	12.9
Operating profit	**$ 826.6**	$ 650.8	**$ 2,596.9**	$ 2,124.4

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

In Millions	Quarter Ended Feb. 28, 2021	Quarter Ended Feb. 23, 2020	Nine-Month Period Ended Feb. 28, 2021	Nine-Month Period Ended Feb. 23, 2020
U.S. Meals & Baking	**$ 1,165.8**	$ 1,010.6	**$ 3,629.0**	$ 3,005.5
U.S. Cereal	**614.1**	563.9	**1,862.3**	1,725.6
U.S. Snacks	**476.1**	491.0	**1,479.4**	1,513.0
Canada	**245.3**	217.3	**702.5**	652.7
U.S. Yogurt and Other	**225.5**	219.1	**682.1**	657.3
Total	**$ 2,726.8**	$ 2,501.9	**$ 8,355.3**	$ 7,554.1

Net sales by class of similar products were as follows:

In Millions	Quarter Ended Feb. 28, 2021	Quarter Ended Feb. 23, 2020	Nine-Month Period Ended Feb. 28, 2021	Nine-Month Period Ended Feb. 23, 2020
Snacks	**$ 871.9**	$ 840.4	**$ 2,608.6**	$ 2,547.7
Convenient meals	**785.0**	706.0	**2,334.8**	1,961.2
Cereal	**715.4**	674.5	**2,168.7**	2,048.1
Yogurt	**505.3**	499.8	**1,513.5**	1,510.1
Dough	**498.0**	440.6	**1,456.8**	1,309.6
Baking mixes and ingredients	**416.8**	394.6	**1,293.6**	1,211.6
Pet	**436.3**	383.5	**1,288.0**	1,140.0
Super-premium ice cream	**164.0**	131.5	**596.4**	551.3
Other	**127.3**	109.4	**343.0**	324.0
Total	**$ 4,520.0**	$ 4,180.3	**$ 13,603.4**	$ 12,603.6

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

INTRODUCTION

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the MD&A included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2020 for important background regarding, among other things, our key business drivers. Significant trademarks and service marks used in our business are set forth in *italics* herein. Certain terms used throughout this report are defined in the "Glossary" section below.

As the COVID-19 pandemic continues, we expect the largest factor impacting our fiscal 2021 performance will be the relative balance of at-home versus away-from-home consumer food demand. At-home food demand has remained elevated relative to pre-pandemic levels, though it has moderated from the fourth quarter of fiscal 2020. We will continue to evaluate the nature and extent of the impact to our business and consolidated results of operations.

CONSOLIDATED RESULTS OF OPERATIONS

Third Quarter Results

In the third quarter of fiscal 2021, net sales increased 8 percent compared to the same period last year. Organic net sales increased 7 percent compared to the same period last year. Operating profit margin of 18.3 percent increased 270 basis points, 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, favorable net corporate investment activity, and a larger increase in net sales as compared to the increase in selling, general, and administrative (SG&A) expenses, partially offset by higher input costs. Adjusted operating profit margin decreased 30 basis points to 15.8 percent compared to the same period last year, primarily driven by higher input costs, partially offset by favorable net price realization and mix and a larger increase in net sales as compared to the increase in SG&A expenses. Diluted earnings per share of $0.96 increased 30 percent in the third quarter of fiscal 2021. Adjusted diluted earnings per share of $0.82 increased 6 percent on a constant-currency basis compared to the third quarter of fiscal 2020. 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 the third quarter of fiscal 2021 follows:

Quarter Ended Feb. 28, 2021	**In millions, except per share**	**Quarter Ended Feb. 28, 2021 vs. Feb. 23, 2020**	**Percent of Net Sales**	**Constant-Currency Growth (a)**
Net sales	$ 4,520.0	8 %		
Operating profit	826.6	27 %	18.3 %	
Net earnings attributable to General Mills	595.7	31 %		
Diluted earnings per share	$ 0.96	30 %		
Organic net sales growth rate (a)		7 %		
Adjusted operating profit (a)	715.6	6 %	15.8 %	5 %
Adjusted diluted earnings per share (a)	$ 0.82	6 %		6 %

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

Consolidated **net sales** were as follows:

	Quarter Ended		
	Feb. 28, 2021	**Feb. 28, 2021 vs Feb. 23, 2020**	**Feb. 23, 2020**
Net sales (in millions)	$ 4,520.0	8%	$ 4,180.3
Contributions from volume growth (a)		5 pts	
Net price realization and mix		3 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 8 percent increase in net sales in the third quarter of fiscal 2021 reflects an increase in contributions from volume growth, favorable net price realization and mix, and favorable foreign currency exchange.

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

Quarter Ended Feb. 28, 2021 vs Quarter Ended Feb. 23, 2020	
Contributions from organic volume growth (a)	5 pts
Organic net price realization and mix	3 pts
Organic net sales growth	7 pts
Foreign currency exchange	1 pt
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.

Organic net sales increased 7 percent in the third quarter of fiscal 2021 primarily driven by an increase in contributions from organic volume growth and favorable organic net price realization and mix.

Cost of sales increased $189 million to $2,966 million in the third quarter of fiscal 2021 compared to the same period in fiscal 2020. The increase was primarily driven by a $135 million increase attributable to product rate and mix and a $125 million increase due to higher volume. We recorded a $56 million net decrease in cost of sales related to the mark-to-market valuation of certain commodity positions and grain inventories in the third quarter of fiscal 2021 compared to a net increase of $9 million in the third quarter of fiscal 2020. In addition, we recorded $1 million of restructuring charges in cost of sales in the third quarter of fiscal 2021 compared to $7 million in the third quarter of fiscal 2020 (please refer to Note 2 to the Consolidated Financial Statements in Part I, Item 1 of this report).

SG&A expenses decreased $30 million to $716 million in the third quarter of fiscal 2021 compared to the same period in fiscal 2020, primarily reflecting favorable net corporate investment activity, partially offset by higher administrative expenses and increased media and advertising expenses. SG&A expenses as a percent of net sales in the third quarter of fiscal 2021 decreased 210 basis points compared to the third quarter of fiscal 2020.

Restructuring, impairment, and other exit costs totaled $11 million in the third quarter of fiscal 2021, primarily related to Asia & Latin America route-to-market and supply chain optimization actions. We recorded $6 million of charges in the same period last year related to restructuring actions previously announced (please refer to Note 2 to the Consolidated Financial Statements in Part I, Item 1 of this report).

Benefit plan non-service income totaled $33 million in the third quarter of fiscal 2021 compared to $30 million in the same period last year, primarily reflecting lower interest costs, partially offset by lower expected return on plan assets.

Interest, net for the third quarter of fiscal 2021 totaled $106 million, down $4 million from the third quarter of fiscal 2020, primarily driven by lower rates.

The **effective tax rate** for the third quarter of fiscal 2021 was 21.5 percent compared to 20.7 percent for the third quarter of fiscal 2020. The 0.8 percentage point increase was primarily due to certain nonrecurring discrete tax benefits in the third quarter of fiscal 2020, partially offset by favorable changes in earnings mix by jurisdiction in fiscal 2021. Our adjusted effective tax rate was 21.6 percent in the third quarter of fiscal 2021 compared to 21.0 percent in the same period last year (see the "Non-GAAP Measures" section below for a description of our use of measures not defined by GAAP). The 0.6 percentage point increase was primarily due to certain nonrecurring discrete tax benefits in fiscal 2020, partially offset by favorable changes in the earnings mix by jurisdiction in fiscal 2021.

After-tax earnings from joint ventures for the third quarter of fiscal 2021 increased to $12 million compared to $11 million in the same period in fiscal 2020, primarily driven by higher net sales at Cereal Partners Worldwide (CPW) and Haagen-Dazs Japan, Inc. (HDJ), partially offset by higher SG&A expenses at CPW and HDJ. On a constant-currency basis, after-tax earnings from joint ventures were flat (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:

Quarter Ended Feb. 28, 2021 vs Quarter Ended Feb. 23, 2020	**CPW**	**HDJ**	**Total**
Contributions from volume growth (a)	6 pts	(1)pt	
Net price realization and mix	Flat	3 pts	
Net sales growth in constant currency	5 pts	1 pt	4 pts
Foreign currency exchange	1 pt	5 pts	2 pts
Net sales growth	6 pts	6 pts	6 pts

Note: Table may not foot due to rounding.

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

Average diluted shares outstanding increased by 7 million in the third quarter of fiscal 2021 from the same period a year ago primarily due to option exercises.

Nine-Month Results

In the nine-month period ended February 28, 2021, net sales and organic net sales increased 8 percent compared to the same period last year. Operating profit margin of 19.1 percent increased 220 basis points, 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, favorable net corporate investment activity, and a larger increase in net sales as compared to the increase in SG&A expenses, partially offset by higher input costs. Adjusted operating profit margin increased 50 basis points to 17.7 percent, primarily driven by favorable net price realization and mix and a larger increase in net sales as compared to the increase in SG&A expenses, partially offset by higher input costs. Diluted earnings per share of $3.10 increased 22 percent in the nine-month period ended February 28, 2021, and adjusted diluted earnings per share of $2.88 increased 14 percent on a constant-currency basis compared to the same period last year (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 the nine-month period ended February 28, 2021, follows:

Nine-Month Period Ended Feb. 28, 2021	**In millions, except per share**	**Nine-Month Period Ended Feb. 28, 2021 vs. Feb. 23, 2020**	**Percent of Net Sales**	**Constant-Currency Growth (a)**
Net sales	$ 13,603.4	8 %		
Operating profit	2,596.9	22 %	19.1 %	
Net earnings attributable to General Mills	1,923.0	24 %		
Diluted earnings per share	$ 3.10	22 %		
Organic net sales growth rate (a)		8 %		
Adjusted operating profit (a)	2,413.6	11 %	17.7 %	11 %
Adjusted diluted earnings per share (a)	$ 2.88	15 %		14 %

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

Consolidated **net sales** were as follows:

	Nine-Month Period Ended		
	Feb. 28, 2021	Feb. 28, 2021 vs Feb. 23, 2020	Feb. 23, 2020
Net sales (in millions)	$ 13,603.4	8 %	$ 12,603.6
Contributions from volume growth (a)		5 pts	
Net price realization and mix		3 pts	
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 8 percent increase in net sales for the nine-month period ended February 28, 2021, reflects an increase in contributions from volume growth and favorable net price realization and mix.

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

Nine-Month Period Ended Feb. 28, 2021 vs. Nine-Month Period Ended Feb. 23, 2020	
Contributions from organic volume growth (a)	5 pts
Organic net price realization and mix	3 pts
Organic net sales growth	8 pts
Foreign currency exchange	Flat
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.

Organic net sales increased 8 percent in the nine-month period ended February 28, 2021, driven by an increase in contributions from organic volume growth and favorable organic net price realization and mix.

Cost of sales increased $496 million to $8,738 million in the nine-month period ended February 28, 2021, compared to the same period in fiscal 2020. The increase was driven by a $423 million increase due to higher volume and a $215 million increase attributable to product rate and mix. We recorded a $118 million net decrease in cost of sales related to the mark-to-market valuation of certain commodity positions and grain inventories in the nine-month period ended February 28, 2021, compared to a net increase of $1 million in the nine-month period ended February 23, 2020. In addition, we recorded $2 million of restructuring charges in cost of sales in the nine-month period ended February 28, 2021, compared to $24 million of restructuring charges and $1 million of restructuring initiative project-related costs in the same period last year (please refer to Note 2 to the Consolidated Financial Statements in Part I, Item 1 of this report).

SG&A expenses increased $32 million to $2,257 million in the nine-month period ended February 28, 2021, compared to the same period in fiscal 2020, primarily reflecting higher media and advertising expenses, increased administrative expenses, and increased other consumer-related expenses, partially offset by favorable net corporate investment activity. SG&A expenses as a percent of net sales in the nine-month period ended February 28, 2021, decreased 100 basis points compared to the same period of fiscal 2020.

Restructuring, impairment, and other exit costs totaled $12 million in the nine-month period ended February 28, 2021, compared to $13 million in the same period last year. We recorded restructuring charges of $11 million in the nine-month period ended February 28, 2021, related to Asia & Latin America route-to-market and supply chain optimization actions (please refer to Note 2 to the Consolidated Financial Statements in Part I, Item 1 of this report).

Benefit plan non-service income totaled $100 million in the nine-month period ended February 28, 2021, compared to $91 million in the same period last year, primarily reflecting lower interest costs, partially offset by lower expected returns on plan assets.

Interest, net for the nine-month period ended February 28, 2021, decreased $30 million to $318 million compared to the same period of fiscal 2020, primarily driven by lower rates and lower average debt balances.

The **effective tax rate** for the nine-month period ended February 28, 2021, was 22.0 percent compared to 18.3 percent for the same period last year. The 3.7 percentage point increase was primarily due to the net benefit related to the reorganization of certain wholly owned subsidiaries and certain nonrecurring discrete tax benefits in fiscal 2020, partially offset by favorable changes in earnings mix by jurisdiction in fiscal 2021. Our adjusted effective tax rate was 21.9 percent in the nine-month period ended February 28, 2021, compared to 21.3 percent in the same period of fiscal 2020 (see the "Non-GAAP Measures" section below for a description of our use of measures not defined by GAAP). The 0.6 percentage point increase was primarily due to certain nonrecurring discrete tax benefits in fiscal 2020, partially offset by favorable changes in the earnings mix by jurisdiction in fiscal 2021.

After-tax earnings from joint ventures increased to $90 million for the nine-month period ended February 28, 2021 compared to $58 million in the same period in fiscal 2020, primarily driven by higher net sales at CPW and HDJ. On a constant-currency basis, after-tax earnings from joint ventures increased 54 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:

Nine-Month Period Ending Feb. 28, 2021 vs. Nine-Month Period Ended Feb. 23, 2020	**CPW**	**HDJ**	**Total**
Contributions from volume growth (a)	6 pts	Flat	
Net price realization and mix	1 pt	4 pts	
Net sales growth in constant currency	7 pts	4 pts	7 pts
Foreign currency exchange	(1)pt	3 pts	Flat
Net sales growth	6 pts	7 pts	6 pts

Note: Table may not foot due to rounding

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

Average diluted shares outstanding increased by 8 million in the nine-month period ended February 28, 2021, from the same period a year ago primarily due to option exercises.

SEGMENT OPERATING RESULTS

Our businesses are organized into five operating segments: North America Retail; Europe & Australia; Pet; Asia & Latin America; and Convenience Stores & Foodservice. Please refer to Note 15 of the Consolidated Financial Statements in Part I, Item 1 of this report for a description of our operating segments.

North America Retail Segment Results

North America Retail net sales were as follows:

	Quarter Ended			**Nine-Month Period Ended**		
	Feb. 28, 2021	**Feb. 28, 2021 vs Feb. 23, 2020**	**Feb. 23, 2020**	**Feb. 28, 2021**	**Feb. 28, 2021 vs Feb. 23, 2020**	**Feb. 23, 2020**
Net sales (in millions)	$ 2,726.8	9 %	$ 2,501.9	$ 8,355.3	11 %	$ 7,554.1
Contributions from volume growth (a)		9 pts			12 pts	
Net price realization and mix		Flat			(1)pt	
Foreign currency exchange		Flat			Flat	

Note: Table may not foot due to rounding.

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

North America Retail net sales increased 9 percent in the third quarter of fiscal 2021 compared to the same period in fiscal 2020, driven by an increase in contributions from volume growth.

North America Retail net sales increased 11 percent in the nine-month period ended February 28, 2021 compared to the same period in fiscal 2020, driven by an increase in contributions from volume growth, partially offset by unfavorable net price realization and mix.

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

	Quarter Ended	Nine-Month Period Ended
	Feb. 28, 2021	Feb. 28, 2021
Contributions from organic volume growth (a)	9 pts	12 pts
Organic net price realization and mix	Flat	(1)pt
Organic net sales growth	9 pts	11 pts
Foreign currency exchange	Flat	Flat
Net sales growth	9 pts	11 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 9 percent in the third quarter of fiscal 2021 compared to the same period in fiscal 2020, driven by an increase in contributions from organic volume growth.

North America Retail organic net sales increased 11 percent in the nine-month period ended February 28, 2021, compared to the same period in fiscal 2020, driven by an increase in contributions from organic volume growth, partially offset by unfavorable organic net price realization and mix.

North America Retail net sales percentage change by operating unit are shown in the following table:

	Quarter Ended	Nine-Month Period Ended
	Feb. 28, 2021	Feb. 28, 2021
U.S. Meals & Baking	15 %	21 %
U.S. Cereal	9	8
Canada (a)	13	8
U.S. Snacks	(3)	(2)
U.S. Yogurt and Other	3	4
Total	9 %	11 %

(a) On a constant-currency basis, Canada net sales increased 9 percent for the third quarter of fiscal 2021 and increased 7 percent for the nine-month period ended February 28, 2021, compared to the same periods in fiscal 2020. See the "Non-GAAP Measures" section below for our use of this measure not defined by GAAP.

Segment operating profit increased 14 percent to $606 million in the third quarter of fiscal 2021 compared to $532 million in the same period in fiscal 2020, primarily driven by an increase in contributions from volume growth, partially offset by higher input costs. Segment operating profit increased 14 percent on a constant-currency basis in the third quarter of fiscal 2021 compared to the same period in fiscal 2020 (see the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP).

Segment operating profit increased 15 percent to $2,003 million in the nine-month period ended February 28, 2021 from $1,734 million in the same period in fiscal 2020, primarily driven by an increase in contributions from volume growth and lower input costs, partially offset by unfavorable net price realization and mix and higher SG&A expenses, including increased media and advertising expenses. Segment operating profit increased 15 percent on a constant-currency basis in the nine-month period ended February 28, 2021, compared to the same period in fiscal 2020 (see the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP).

Europe & Australia Segment Results

Europe & Australia net sales were as follows:

	Quarter Ended			Nine-Month Period Ended		
	Feb. 28, 2021	Feb. 28, 2021 vs Feb. 23, 2020	Feb. 23, 2020	Feb. 28, 2021	Feb. 28, 2021 vs Feb. 23, 2020	Feb. 23, 2020
Net sales (in millions)	$ 484.2	15 %	$ 421.9	$ 1,442.6	10 %	$ 1,308.9
Contributions from volume growth (a)		2 pts			Flat	
Net price realization and mix		4 pts			4 pts	
Foreign currency exchange		9 pts			6 pts	

Note: Table may not foot due to rounding.

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

Europe & Australia net sales increased 15 percent in the third quarter of fiscal 2021 compared to the same period in fiscal 2020, driven by favorable foreign currency exchange, favorable net price realization and mix, and an increase in contributions from volume growth.

Europe & Australia net sales increased 10 percent in the nine-month period ended February 28, 2021, compared to the same period in fiscal 2020, driven by favorable foreign currency exchange and favorable net price realization and mix.

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

	Quarter Ended	Nine-Month Period Ended
	Feb. 28, 2021	Feb. 28, 2021
Contributions from organic volume growth (a)	2 pts	1 pt
Organic net price realization and mix	4 pts	5 pts
Organic net sales growth	7 pts	5 pts
Foreign currency exchange	9 pts	6 pts
Divestiture	(1)pt	(1)pt
Net sales growth	15 pts	10 pts

Note: Table may not foot due to rounding.

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

Europe & Australia organic net sales increased 7 percent in the third quarter of fiscal 2021 compared to the same period in fiscal 2020, driven by favorable organic net price realization and mix and an increase in contributions from organic volume growth.

Europe & Australia organic net sales increased 5 percent in the nine-month period ended February 28, 2021, compared to the same period in fiscal 2020, driven by favorable organic net price realization and mix and an increase in contributions from organic volume growth.

Segment operating profit increased 33 percent to $29 million in the third quarter of fiscal 2021 from $22 million in the same period in fiscal 2020, primarily driven by favorable net price realization and mix, an increase in contributions from volume growth, and lower SG&A expenses, partially offset by higher input costs. Segment operating profit increased 24 percent on a constant-currency basis in the third quarter of fiscal 2021 compared to the same period in fiscal 2020 (see the "Non-GAAP Measures" section below for our use of this measure not defined by GAAP).

Segment operating profit increased 46 percent to $118 million in the nine-month period ended February 28, 2021, from $81 million in the same period in fiscal 2020, primarily driven by favorable net price realization and mix, partially offset by higher input costs. Segment operating profit increased 40 percent on a constant-currency basis in the nine-month period ended February 28, 2021, compared to the same period in fiscal 2020 (see the "Non-GAAP Measures" section below for our use of this measure not defined by GAAP).

Pet Segment Results

Pet net sales were as follows:

	Quarter Ended			Nine-Month Period Ended		
	Feb. 28, 2021	Feb. 28, 2021 vs Feb. 23, 2020	Feb. 23, 2020	Feb. 28, 2021	Feb. 28, 2021 vs Feb. 23, 2020	Feb. 23, 2020
Net sales (in millions)	$ 436.3	14 %	$ 383.5	$ 1,288.0	13 %	$ 1,140.0
Contributions from volume growth (a)		16 pts			14 pts	
Net price realization and mix		(3)pts			(1)pt	
Foreign currency exchange		Flat			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 14 percent during the third quarter of fiscal 2021 compared to the same period in fiscal 2020, driven by an increase in contributions from volume growth, partially offset by unfavorable net price realization and mix.

Pet net sales increased 13 percent during the nine-month period ended February 28, 2021, compared to the same period in fiscal 2020, driven by an increase in contributions from volume growth, partially offset by unfavorable net price realization and mix.

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

	Quarter Ended	Nine-Month Period Ended
	Feb. 28, 2021	Feb. 28, 2021
Contributions from organic volume growth (a)	16 pts	14 pts
Organic net price realization and mix	(3)pts	(1)pt
Organic net sales growth	14 pts	13 pts
Foreign currency exchange	Flat	Flat
Net sales growth	14 pts	13 pts

Note: Table may not foot due to rounding.

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

Segment operating profit increased 9 percent to $102 million in the third quarter of fiscal 2021 compared to $94 million in the same period in fiscal 2020, primarily driven by an increase in contributions from volume growth, partially offset by unfavorable net price realization and mix, higher input costs, and higher SG&A expenses. Segment operating profit increased 9 percent on a constant-currency basis in the third quarter of fiscal 2021 compared to the same period in fiscal 2020 (see the "Non-GAAP Measures" section below for our use of this measure not defined by GAAP).

Segment operating profit increased 22 percent to $312 million in the nine-month period ended February 28, 2021 compared to $256 million in the same period in fiscal 2020, primarily driven by an increase in contributions from volume growth and lower input costs, partially offset by higher SG&A expenses, including increased media and advertising expenses, and unfavorable net price realization and mix. Segment operating profit increased 22 percent on a constant-currency basis in the nine-month period ended February 28, 2021 compared to the same period in fiscal 2020 (see the "Non-GAAP Measures" section below for our use of this measure not defined by GAAP).

Asia & Latin America Segment Results

Asia & Latin America net sales were as follows:

	Quarter Ended			Nine-Month Period Ended		
	Feb. 28, 2021	Feb. 28, 2021 vs Feb. 23, 2020	Feb. 23, 2020	Feb. 28, 2021	Feb. 28, 2021 vs Feb. 23, 2020	Feb. 23, 2020
Net sales (in millions)	$ 455.6	12 %	$ 408.2	$ 1,268.3	8 %	$ 1,177.3
Contributions from volume growth (a)		9 pts			12 pts	
Net price realization and mix		5 pts			1 pt	
Foreign currency exchange		(3)pts			(6)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 12 percent in the third quarter of fiscal 2021 compared to the same period in fiscal 2020, driven by an increase in contributions from volume growth and favorable net price realization and mix, partially offset by unfavorable foreign currency exchange.

Asia & Latin America net sales increased 8 percent in the nine-month period ended February 28, 2021, compared to the same period in fiscal 2020, driven by an increase in contributions from volume growth and favorable net price realization and mix, partially offset by unfavorable foreign currency exchange.

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

	Quarter Ended	Nine-Month Period Ended
	Feb. 28, 2021	Feb. 28, 2021
Contributions from organic volume growth (a)	9 pts	12 pts
Organic net price realization and mix	5 pts	1 pt
Organic net sales growth	14 pts	13 pts
Foreign currency exchange	(3)pts	(6)pts
Net sales growth	12 pts	8 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 organic net sales increased 14 percent in the third quarter of fiscal 2021 compared to the same period in fiscal 2020, driven by an increase in contributions from organic volume growth and favorable organic net price realization and mix.

Asia & Latin America organic net sales increased 13 percent in the nine-month period ended February 28, 2021 compared to the same period in fiscal 2020, driven by an increase in contributions from organic volume growth and favorable organic net price realization and mix.

Segment operating profit increased 48 percent to $12 million in the third quarter of fiscal 2021 from $8 million in the same period in fiscal 2020, primarily driven by favorable net price realization and mix and an increase in contributions from volume growth, partially offset by higher input costs. Segment operating profit increased 18 percent on a constant-currency basis in the third quarter of fiscal 2021 compared to the same period in fiscal 2020 (see the “Non-GAAP Measures” section below for our use of this measure not defined by GAAP).

Segment operating profit increased 47 percent to $62 million in the nine-month period ended February 28, 2021, compared to $43 million in the same period in fiscal 2020, primarily driven by an increase in contributions from volume growth, favorable net price realization and mix, and favorable foreign currency exchange, partially offset by higher input costs and higher SG&A expenses, including increased media and advertising expenses. Segment operating profit increased 24 percent on a constant-currency basis in the nine-month period ended February 28, 2021 compared to the same period in fiscal 2020 (see the "Non-GAAP Measures" section below for our use of this measure not defined by GAAP).

Convenience Stores & Foodservice Segment Results

Convenience Stores & Foodservice net sales were as follows:

	Quarter Ended			Nine-Month Period Ended		
	Feb. 28, 2021	Feb. 28, 2021 vs Feb. 23, 2020	Feb. 23, 2020	Feb. 28, 2021	Feb. 28, 2021 vs Feb. 23, 2020	Feb. 23, 2020
Net sales (in millions)	$ 417.1	(10)%	$ 464.8	$ 1,249.2	(12)%	$ 1,423.3
Contributions from volume growth (a)		(7)pts			(9)pts	
Net price realization and mix		(3)pts			(3)pts	

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 10 percent in the third quarter of fiscal 2021 compared to the same period in fiscal 2020, driven by a decrease in contributions from volume growth and unfavorable net price realization and mix.

Convenience Stores & Foodservice net sales decreased 12 percent in the nine-month period ended February 28, 2021, compared to the same period in fiscal 2020, driven by a decrease in contributions from volume growth and unfavorable net price realization and mix.

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

	Quarter Ended	Nine-Month Period Ended
	Feb. 28, 2021	Feb. 28, 2021
Contributions from organic volume growth (a)	(7)pts	(9)pts
Organic net price realization and mix	(3)pts	(3)pts
Organic net sales growth	(10)pts	(12)pts
Net sales growth	(10)pts	(12)pts

Note: Table may not foot due to rounding.

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

Segment operating profit decreased 31 percent to $64 million in the third quarter of fiscal 2021 compared to $92 million in the same period in fiscal 2020, primarily driven by unfavorable net price realization and mix, a decrease in contributions from volume growth, and higher input costs.

Segment operating profit decreased 29 percent to $212 million in the nine-month period ended February 28, 2021, compared to $298 million in the same period in fiscal 2020, primarily driven by unfavorable net price realization and mix, a decrease in contributions from volume growth, and higher input costs.

UNALLOCATED CORPORATE ITEMS

Unallocated corporate items totaled $24 million of income in the third quarter of fiscal 2021 compared to expense of $92 million in the same period in fiscal 2020. We recorded a $56 million net decrease in expense related to the mark-to-market valuation of certain commodity positions and grain inventories in the third quarter of fiscal 2021 compared to a $9 million net increase in expense in the same period last year. We recorded $59 million of net gains related to valuation adjustments and the gain on sale of certain corporate investments in the third quarter of fiscal 2021 compared to $3 million of losses related to valuation adjustments in the third quarter of fiscal 2020. We recorded $1 million of restructuring charges in cost of sales in the third quarter of fiscal 2021 compared to $7 million in the same period last year. We also recorded an $8 million favorable adjustment related to a product recall in our international Green Giant business in the third quarter of fiscal 2021.

Unallocated corporate expense totaled $98 million in the nine-month period ended February 28, 2021, compared to $275 million in the same period last year. We recorded a $118 million net decrease in expense related to the mark-to-market valuation of certain commodity positions and grain inventories in the nine-month period ended February 28, 2021, compared to a $1 million net increase in expense in the same period last year. We recorded $78 million of net gains related to valuation adjustments and the gain on sale of certain corporate investments in the nine-month period ended February 28, 2021, compared to $7 million of net losses related to valuation adjustments and the loss on sale of certain corporate investments in the same period last year. In the nine-month period ended February 28, 2021, we recorded $2 million of restructuring charges in cost of sales, compared to $24 million of restructuring charges and $1 million of restructuring initiative project-related costs in cost of sales in the same period last year.

LIQUIDITY

During the nine-month period ended February 28, 2021, cash provided by operations was $2,208 million compared to $2,160 million in the same period last year. The $48 million increase was primarily driven by a $362 million increase in net earnings and a $109 million change in deferred income taxes, partially offset by a $237 million change in current assets and liabilities and a $140 million change in other non-cash items in net earnings, including $77 million of gains related to valuation adjustments on certain corporate investments. The $237 million change in current assets and liabilities was primarily driven by a $305 million change in inventories, partially offset by an $88 million change in other current liabilities primarily driven by changes in trade promotion accruals.

Cash used by investing activities during the nine-month period ended February 28, 2021, was $332 million compared to $305 million for the same period in fiscal 2020. Investments of $346 million in land, buildings, and equipment in the nine-month period ended February 28, 2021, increased by $77 million compared to the same period a year ago.

Cash used by financing activities during the nine-month period ended February 28, 2021, was $853 million compared to $1,691 million in the same period in fiscal 2020. We had $321 million of net debt issuances in the nine-month period ended February 28, 2021, compared to $812 million of net debt repayments in the same period a year ago. We paid $932 million of dividends in the nine-month period ended February 28, 2021, compared to $895 million in the same period last year. In addition, we paid a participation incentive of $201 million related to a debt exchange in the nine-month period ended February 28, 2021.

Our sources of liquidity were not materially impacted by the COVID-19 pandemic.

As of February 28, 2021, we had $853 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. As such, 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.

CAPITAL RESOURCES

Our capital structure was as follows:

In Millions	**Feb. 28, 2021**	**May 31, 2020**
Notes payable	**$ 184.6**	$ 279.0
Current portion of long-term debt	**3,899.8**	2,331.5
Long-term debt	**9,766.6**	10,929.0
Total debt	**13,851.0**	13,539.5
Redeemable interest	**596.0**	544.6
Noncontrolling interests	**297.6**	291.0
Stockholders' equity	**8,890.3**	8,058.5
Total capital	**$ 23,634.9**	$ 22,433.6

The following table details the fee-paid committed and uncommitted credit lines we had available as of February 28, 2021:

In Billions	**Facility Amount**	**Borrowed Amount**
Credit facility expiring:		
May 2022	$ 2.7	$ -
September 2022	0.2	0.1
Total committed credit facilities	2.9	0.1
Uncommitted credit facilities	0.6	0.1
Total committed and uncommitted credit facilities	$ 3.5	$ 0.2

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 interests 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. 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 February 28, 2021, the redemption value of the redeemable interest was $596 million, which approximates its fair value.

On March 23, 2021, subsequent to the end of the third quarter of fiscal 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 is expected 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, 2018, the floating preferred return rate on GMC's Class A Interests was reset to the sum of three-month LIBOR plus 142.5 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.

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.

Certain of our long-term debt agreements, our credit facilities, and our noncontrolling interests contain restrictive covenants. As of February 28, 2021, we were in compliance with all of these covenants.

We have $3,900 million of long-term debt maturing in the next 12 months that is classified as current, including $850 million of floating-rate notes due April 2021, $600 million of 3.2 percent notes due April 2021, €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.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

There were no material changes outside the ordinary course of our business in our contractual obligations or off-balance sheet arrangements during the third quarter of fiscal 2021.

SIGNIFICANT ACCOUNTING ESTIMATES

Our significant accounting policies are described in Note 2 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended May 31, 2020. The accounting policies used in preparing our interim fiscal 2021 Consolidated Financial Statements are the same as those described in our Form 10-K with the exception of the new accounting requirements adopted in the first quarter of fiscal 2021 related to the measurement of credit losses on financial instruments, including trade receivables. Please see Note 1 to the Consolidated Financial Statements in Part I, Item 1 of this report for additional information.

Our significant accounting estimates are those that have 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. The assumptions and methodologies used in the determination of those estimates as of February 28, 2021, are the same as those described in our Annual Report on Form 10-K for the fiscal year ended May 31, 2020.

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.

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, acquisitions, divestitures, and a 53^{rd} 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 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 basis.

Our adjusted operating profit margins are calculated as follows:

	Quarter Ended			
	Feb. 28, 2021		Feb. 23, 2020	
In Millions	**Value**	**Percent of Net Sales**	**Value**	**Percent of Net Sales**
Operating profit as reported	**$ 826.6**	**18.3 %**	$ 650.8	15.6 %
Mark-to-market effects (a)	**(55.7)**	**(1.2)%**	8.6	0.2 %
Investment activity, net (b)	**(59.3)**	**(1.3)%**	3.0	0.1 %
Restructuring charges (c)	**11.7**	**0.3 %**	12.4	0.3 %
Project-related costs (c)	**-**	**- %**	0.4	- %
Product recall adjustment (d)	**(7.8)**	**(0.2)%**	-	- %
Adjusted operating profit	**$ 715.6**	**15.8 %**	$ 675.1	16.1 %

	Nine-Month Period Ended			
	Feb. 28, 2021		Feb. 23, 2020	
In Millions	**Value**	**Percent of Net Sales**	**Value**	**Percent of Net Sales**
Operating profit as reported	**$ 2,596.9**	**19.1 %**	$ 2,124.4	16.9 %
Mark-to-market effects (a)	**(118.0)**	**(0.9)%**	1.0	- %
Investment activity, net (b)	**(78.3)**	**(0.6)%**	6.7	0.1 %
Restructuring charges (c)	**13.6**	**0.1 %**	37.2	0.3 %
Project-related costs (c)	**-**	**- %**	1.1	- %
Product recall adjustment, net (d)	**(0.7)**	**- %**	-	- %
Adjusted operating profit	**$ 2,413.6**	**17.7 %**	$ 2,170.3	17.2 %

Note: Table may not foot due to rounding.

(a) Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items. Please see Note 5 to the Consolidated Financial Statements in Part I, Item 1 of this report.

(b) 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.

(c) Restructuring charges for 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 2 to the Consolidated Financial Statements in Part I, Item 1 of this report.

(d) Net product recall adjustment related to our international Green Giant business.

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. 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:

	Quarter Ended			Nine-Month Period Ended		
	Feb. 28, 2021	**Feb. 23, 2020**	**Change**	**Feb. 28, 2021**	**Feb. 23, 2020**	**Change**
Operating profit as reported	**$ 826.6**	$ 650.8	27 %	**$ 2,596.9**	$ 2,124.4	22 %
Mark-to-market effects (a)	**(55.7)**	8.6		**(118.0)**	1.0	
Investment activity, net (b)	**(59.3)**	3.0		**(78.3)**	6.7	
Restructuring charges (c)	**11.7**	12.4		**13.6**	37.2	
Project-related costs (c)	**-**	0.4		**-**	1.1	
Product recall adjustment, net (d)	**(7.8)**	-		**(0.7)**	-	
Adjusted operating profit	**$ 715.6**	$ 675.1	6 %	**$ 2,413.6**	$ 2,170.3	11 %
Foreign currency exchange impact			1 pt			1 pt
Adjusted operating profit growth, on a constant-currency basis			5 %			11 %

Note: Table may not foot due to rounding.

(a) Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items. Please see Note 5 to the Consolidated Financial Statements in Part I, Item 1 of this report.

(b) 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.

(c) Restructuring charges for 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 2 to the Consolidated Financial Statements in Part I, Item 1 of this report.

(d) Net product recall adjustment related to our international Green Giant business.

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:

	Quarter Ended			Nine-Month Period Ended		
Per Share Data	**Feb. 28, 2021**	**Feb. 23, 2020**	**Change**	**Feb. 28, 2021**	**Feb. 23, 2020**	**Change**
Diluted earnings per share, as reported	**$ 0.96**	$ 0.74	30 %	**$ 3.10**	$ 2.54	22 %
Mark-to-market effects (a)	**(0.07)**	0.01		**(0.15)**	-	
Investment activity, net (b)	**(0.08)**	-		**(0.10)**	-	
Restructuring charges (c)	**0.02**	0.02		**0.02**	0.05	
Product recall adjustment, net (d)	**(0.01)**	-		**-**	-	
Tax item (e)	**-**	-		**-**	(0.09)	
CPW restructuring charges (f)	**-**	0.01		**-**	0.01	
Adjusted diluted earnings per share	**$ 0.82**	$ 0.77	6 %	**$ 2.88**	$ 2.51	15 %
Foreign currency exchange impact			Flat			1 pt
Adjusted diluted earnings per share growth, on a constant-currency basis			6 %			14 %

Note: Table may not foot due to rounding.

(a) Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items. Please see Note 5 to the Consolidated Financial Statements in Part I, Item 1 of this report.

(b) 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.

(c) Restructuring charges for 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 2 to the Consolidated Financial Statements in Part I, Item 1 of this report.

(d) Net product recall adjustment related to our international Green Giant business.

(e) Discrete tax benefit related to the reorganization of certain wholly owned subsidiaries. Please see Note 13 to the Consolidated Financial Statement in Part I, Item 1 of this report.

(f) 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.

Constant-currency After-tax Earnings from Joint Ventures Growth Rates

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 is calculated as follows:

	Percentage Change in After-Tax Earnings from Joint Ventures as Reported	**Impact of Foreign Currency Exchange**	**Percentage Change in After-Tax Earnings from Joint Ventures on Constant-Currency Basis**
Quarter Ended Feb. 28, 2021	9 %	9 pts	Flat
Nine-Month Period Ended Feb. 28, 2021	56 %	2 pts	54 %

Note: Table may not foot due to rounding.

Net Sales Growth Rates for Our Canada Operating Unit on Constant-currency Basis

We believe that 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 rates for our Canada operating unit on a constant-currency basis is calculated as follows:

	Percentage Change in Net Sales as Reported	Impact of Foreign Currency Exchange	Percentage Change in Net Sales on Constant-Currency Basis
Quarter Ended Feb. 28, 2021	13 %	4 pts	9 %
Nine-Month Period Ended Feb. 28, 2021	8 %	1 pt	7 %

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:

	Quarter Ended Feb. 28, 2021		
	Percentage Change in Operating Profit as Reported	Impact of Foreign Currency Exchange	Percentage Change in Operating Profit on Constant-Currency Basis
North America Retail	14 %	Flat	14 %
Europe & Australia	33 %	9 pts	24 %
Pet	9 %	Flat	9 %
Asia & Latin America	48 %	31 pts	18 %

	Nine-Month Period Ended Feb. 28, 2021		
	Percentage Change in Operating Profit as Reported	Impact of Foreign Currency Exchange	Percentage Change in Operating Profit on Constant-Currency Basis
North America Retail	15 %	Flat	15 %
Europe & Australia	46 %	6 pts	40 %
Pet	22 %	Flat	22 %
Asia & Latin America	47 %	23 pts	24 %

Note: Tables may not foot due to rounding.

Adjusted Effective Income Tax Rate

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:

	Quarter Ended				Nine-Month Period Ended			
	Feb. 28, 2021		Feb. 23, 2020		Feb. 28, 2021		Feb. 23, 2020	
In Millions (Except Per Share Data)	**Pretax Earnings (a)**	**Income Taxes**	**Pretax Earnings (a)**	**Income Taxes**	**Pretax Earnings (a)**	**Income Taxes**	**Pretax Earnings (a)**	**Income Taxes**
As reported	**$ 754.0**	**$ 162.0**	$ 571.3	$ 118.2	**$ 2,378.8**	**$ 522.2**	$ 1,867.2	$ 340.9
Mark-to-market effects (b)	**(55.7)**	**(12.8)**	8.6	1.9	**(118.0)**	**(27.1)**	1.0	0.2
Investment activity, net (c)	**(59.3)**	**(11.7)**	3.0	0.7	**(78.3)**	**(16.1)**	6.7	5.1
Restructuring charges (d)	**11.7**	**2.0**	12.4	3.7	**13.6**	**2.5**	37.2	8.0
Project-related costs (d)	**-**	**-**	0.4	0.1	**-**	**-**	1.1	0.2
Product recall adjustment, net (e)	**(7.8)**	**(0.9)**	-	-	**(0.7)**	**(0.1)**	-	-
Tax item (f)	**-**	**-**	-	-	**-**	**-**	-	53.1
As adjusted	**$ 643.1**	**$ 138.6**	$ 595.6	$ 124.8	**$ 2,195.5**	**$ 481.4**	$ 1,913.1	$ 407.6
Effective tax rate:								
As reported		**21.5%**		20.7%		**22.0%**		18.3%
As adjusted		**21.6%**		21.0%		**21.9%**		21.3%
Sum of adjustment to income taxes		**$ (23.4)**		$ 6.4		**$ (40.8)**		$ 66.6
Average number of common shares - diluted EPS		**619.4**		612.8		**619.6**		612.1
Impact of income tax adjustments on adjusted diluted EPS		**$ (0.03)**		$ 0.01		**$ (0.06)**		$ 0.11

Note: Table may not foot due to rounding.

(a) Earnings before income taxes and after-tax earnings from joint ventures.

(b) Net mark-to-market valuation of certain commodity positions recognized in unallocated corporate items. Please see Note 5 to the Consolidated Financial Statements in Part I, Item 1 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) Restructuring charges for 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 2 to the Consolidated Financial Statements in Part I, Item 1 of this report.

(e) Net product recall adjustment related to our international Green Giant business.

(f) Discrete tax benefit related to the reorganization of certain wholly owned subsidiaries. Please see Note 13 to the Consolidated Financial Statements in Part I, Item 1 of this report.

Glossary

AOCI. Accumulated other comprehensive income (loss).

Adjusted diluted EPS. Diluted EPS 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-over-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.

COVID-19. Coronavirus disease (COVID-19) is an infectious disease caused by a novel 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 stock prices.

Euribor. Euro 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.

Focus 6 platforms. The Focus 6 platforms for the Convenience Stores & Foodservice segment consist of cereal, yogurt, snacks, frozen meals, frozen biscuits, and frozen baked goods.

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

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 noncontrolling and redeemable 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 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 subsidiaries held by third parties.

Notional amount. The amount of a position or an agreed upon amount in a derivative contract on which the value of financial instruments are calculated.

OCI. Other Comprehensive Income.

Organic net sales growth. Net sales growth adjusted for foreign currency translation, acquisitions, divestitures and a 53rd week, when applicable.

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

Redeemable interest. Interest of 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.

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.

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 Securities and Exchange Commission and in our reports to stockholders.

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, and energy; 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 Part I of our Annual Report on Form 10-K for the fiscal year ended May 31, 2020 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 3. Quantitative and Qualitative Disclosures About Market Risk.

The estimated maximum potential value-at-risk arising from a one-day loss in fair value for our interest rate, foreign exchange, commodity, and equity market-risk-sensitive instruments outstanding as of February 28, 2021, was as follows:

In Millions	**One-day Loss in Fair Value**	**Change During Nine-Month Period Ended Feb. 28, 2021**	**Analysis of Change**
Interest rate instruments	$ 72	$ (7)	Lower Market Volatility
Foreign currency instruments	30	11	Higher Market Volatility
Commodity instruments	5	2	Higher Market Volatility
Equity instruments	5	-	Immaterial

For additional information, see Item 7A of Part II of our Annual Report on Form 10-K for the fiscal year ended May 31, 2020.

Item 4. 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 Securities Exchange Act of 1934). Based on our evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of February 28, 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 Securities Exchange Act of 1934 is (1) recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission 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 Securities Exchange Act of 1934) during the quarter ended February 28, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits.

10.1	Supplemental Retirement Plan (Grandfathered).
10.2	Supplemental Retirement Plan I (Grandfathered).
10.3	2005 Supplemental Retirement Plan.
10.4	Supplemental Savings Plan.
10.5	2005 Deferred Compensation Plan.
10.6	Supplemental Retirement Plan I.
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	Financial Statements from the Quarterly Report on Form 10-Q of the Company for the quarter ended February 28, 2021, formatted in Inline Extensible Business Reporting Language: (i) Consolidated Statements of Earnings; (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets; (iv) Consolidated Statements of Total Equity and Redeemable Interest; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.
104	Cover Page, formatted in Inline Extensible Business Reporting Language and contained in Exhibit 101.

SIGNATURES

Pursuant to the requirements 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.
(Registrant)

Date: March 24, 2021

/s/ Mark A. Pallot
Mark A. Pallot
Vice President, Chief Accounting Officer
(Principal Accounting Officer and Duly Authorized Officer)