

GIS: taking stock in the future



James Ford Bell is rightly viewed as the founder of General Mills. But if not for a lone dissenter on the board of a still-unknown company that had offered to purchase the Washburn Crosby Company in 1928, General Mills may never have come to be.

Washburn Crosby had accepted the purchase offer, and the contracts were nearly signed when the purchasing company abruptly withdrew. Knowing that a dramatic moment was at hand, Bell instead went across the street to a New York investment banker and advanced a plan for a horizontal integration of milling companies. By June 1928, Bell had aligned four other milling companies to merge into the new General Mills. Red Star Milling Company, Royal Milling Company, Kalispell Flour Mills Company, and Rocky Mountain Elevator Company joined the Washburn Crosby Company to create one of the largest milling companies in the world.

General Mills came into existence on June 22, 1928, two days after its incorporation. The new company's broad-minded philosophy of allowing mills to maintain their own identities impressed bankers, and Washburn Crosby's track record impressed the American public. In Chicago, the allotment of stock to brokers was sold before a formal selling campaign could even commence.



At its first official board meeting in June 1928, the new board of directors issued GIS stock to acquire the assets of the five companies, with the stock indicating the value of each company within General Mills: 135,418 shares to the Washburn Crosby Company; 20,152 to the Red Star Milling Company; 8,122 to the Royal Milling Company; 3,671 to the Kalispell Flour Mills Company; and 2,637 to the Rocky Mountain Elevator Company.

Although little had been added physically to what the Washburn Crosby Company owned before the merger, investors believed the new company would grow more quickly than if the various mills had remained independent. That confidence was reflected in General Mills' stock price, which was issued at \$65, but quickly rose to \$86. The stock first traded as GIS on the New York Stock Exchange on November 30, 1928.

GENERAL MILLS paid a dividend of \$1.10 per share for fiscal 2003. The company and its predecessor firm have paid shareholder dividends without interruption or reduction for 105 years.





Merging mills

At its core, General Mills was a flour milling company. For more than 130 years, General Mills and its predecessor companies have provided consumers across the nation and around the world with top-quality flour. In fact, Gold Medal flour has been a top-selling flour in the United States since its debut in 1880.

The Sperry Flour Company's Drifted Snow flour was the most prominent flour brand on the West Coast when Sperry was incorporated into General Mills in 1929. Sperry's other flours included La Bandera, Harina and Gold Seal flour.

Sperry's La Piña flour was introduced in 1910. Formulated from soft wheat specifically for use in tortillas and other Mexican dishes, La Piña is still a popular brand in the Southwest, though General Mills sold the La Piña brand when it acquired Pillsbury in 2001.



The Red Star Milling Company contributed the Red Star Perfect Process, Red Star Enriched and Vitalife flour brands to the company. Kalispell Flour Mills Company's SunDown Bleached and Fluffy White brands, as well as the Rex flours from the Royal Milling Company also became part of General Mills in 1928.

General Mills purchased Red Band Company, Inc. in 1933, along with its Red Band flour brand, a multipurpose soft wheat flour milled specifically for use in quick breads, biscuits and cakes. Red Band also was sold in 2001.

Many different flour brands have dotted the history of General Mills, but the most well-known remains Gold Medal flour – still the leading consumer flour brand in America.



Flour power



In the last century, no flour advertising campaign was as well known as the “Eventually ... Why Not Now?” campaign created by the Washburn Crosby Company.

Very few advertising slogans last for decades. But then, very few are like “Eventually ... Why Not Now?” Created in 1907 by Benjamin S. Bull, advertising manager for the Washburn Crosby Company, the slogan lasted well into the 1940s.

Although many different stories exist as to how Bull created the famous words, the most likely is that Bull was given a long list of reasons people should use Gold Medal flour. Each point was preceded with the word “eventually.” Bull took a pencil and slashed through most of the words, writing “Eventually – why not now?” He then threw the paper in the wastebasket. The president's son, James Ford Bell, retrieved the paper and encouraged Bull to use it.

The company spent \$650,000 on the “Eventually” campaign – an astronomical amount in the early 1900s, but it paid off handsomely in popularity and longevity. The phrase became so popular, it was quickly picked up



by other businesses worldwide, who modified it for their own uses – advertising everything from Harley-Davidson motorcycles to banking services.

Even then-competitor Pillsbury used the “Eventually” slogan to their advantage by seemingly posting an answer. Next to a Washburn Crosby Company billboard advertising “Eventually ... Why Not Now?” Pillsbury created its own billboard stating “Because Pillsbury’s Best.”

Pillsbury’s Best flour broke milling protocol when it created its familiar barrelhead logo with four “X”s. At that time, millers used three “X”s to distinguish between flour qualities. If flour was marked with three “X”s, it was the miller’s highest quality flour. By adding another “X,” Pillsbury set its flour apart, indicating it was superior to the other leading flours on the market. In 1872, Pillsbury’s Best trademark name and four-“X” logo were registered.

In 1923, the Washburn Crosby Company implemented a new advertising program for its flour. A surplus of wheat and a dwindling world market was driving down prices for farmers. In the interest of public good, Washburn Crosby initiated a new campaign, adding the slogan “Eat More Wheat” to all of its ads. The American Bakers Association endorsed the idea, as did many other grocery and farming organizations. Other companies also began using the slogan, including Pillsbury. Although the campaign lasted a short time, the phrase became ubiquitous in many parts of the country in the mid-1920s.



The first lady of food

When Betty Crocker was not quite 25 years old, she was voted the second most recognizable female in the United States, after Eleanor Roosevelt. Today, Betty Crocker is more than 80, but she is still one of the most recognizable names in the kitchen. At the height of her popularity, Betty Crocker received as many as 5,000 letters every day. What's more amazing is that she answered nearly every one – quite impressive for a woman who is technically a portrait.

In 1921, a simple advertisement ran in the *Saturday Evening Post* magazine. The ad, for Gold Medal flour, asked consumers to complete and return a jigsaw puzzle to receive a small pin cushion. Along with some 30,000 completed puzzles came several hundred letters asking various cooking- and baking-related questions.

In a stroke of marketing genius, the advertising department convinced executives to create a female personality within Washburn Crosby Company's Home Service department to reply to the questions. The surname Crocker was chosen in honor of a recently retired director, William G. Crocker, and "Betty" was chosen simply because of its friendly sound.



1936



1955



1972



1980

Betty Crocker





1965



1968



1986



1996



An informal contest between female employees of the department was held to find the most distinctive Betty Crocker signature. Florence Lindberg's version was chosen, and it remains the basis of the Betty Crocker signature of today.

Officially, Betty Crocker didn't receive a face until Neysa McMein, a prominent commercial artist, was commissioned to create a portrait in 1936. McMein's rendition, with a classic red jacket and white collar, established a tradition for future portraits and remained the official likeness for nearly 20 years.

In 1955, six well-known artists, including Norman Rockwell, were invited to paint fresh interpretations of Betty Crocker. About 1,600 women from across the country evaluated the finished works and chose the portrait by illustrator Hilda Taylor – a softer, smiling version of the original image.

Remaining contemporary with changing consumers, Betty Crocker updated her image six more times over the years – most recently in 1996, for her 75th birthday. A computerized composite of 75 women who embodied the characteristics of Betty Crocker, along with the 1986 portrait, served as inspiration for the painting. The portrait, by internationally known artist John Stuart Ingle, was unveiled March 19, 1996, in New York City.



John Stuart Ingle creates the 1996 portrait of Betty Crocker.

Stirring up excitement

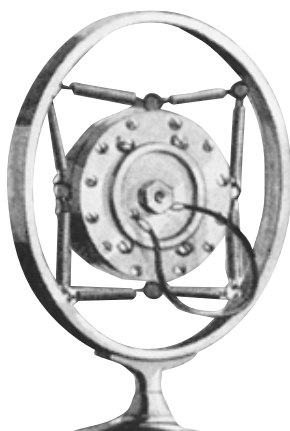
Betty Crocker received a voice in 1924 with the launch of the *Gold Medal Flour Home Service Talks* on the Washburn Crosby Company's WCCO radio station. The *Betty Crocker Cooking School of the Air* soon followed.

Blanche Ingersoll provided the voice for Betty Crocker initially. Every Friday morning, Ingersoll would broadcast recipes, baking ideas and household tips. Listeners "enrolled" in the school by requesting recipes. The "homework" was making the recipes and writing a report. Those who completed all recipes and lessons graduated during a broadcast ceremony. One of the first radio shows dedicated to homemakers, the Betty Crocker cooking school was a huge hit, with more than 200 "graduates" in the first class.

The show expanded to 13 markets – each regional Betty Crocker had a different voice, but they all read scripts prepared by the Home Service department in Minneapolis.

Through its various incarnations over 27 years on the air, the *Betty Crocker Cooking School of the Air* remains one of the longest-running shows in radio history.

As the show grew in popularity, expanding into even more markets, so did the fame of Betty Crocker. At the height of her popularity, Betty Crocker was receiving 5,000 letters a day. Most letters requested cooking advice or recipes, but Betty Crocker also received more unusual requests – including



marriage proposals. As Betty Crocker was married to her work, she had to decline all proposals.

The Betty Crocker personality is so engaging that even today some people still believe she is a real person.



A coupon in Gold Medal flour for a free Wm. Rogers & Son teaspoon in 1931 was an overwhelming success, launching one of the longest-running consumer promotions ever.

One year after that promotion, General Mills created a program where consumers could save and redeem multiple coupons to receive entire sets of flatware. Oneida replaced Wm. Rogers & Son in 1936, as the Betty Crocker coupon program continued to grow, until at one point, General Mills was the largest distributor of Oneida's Community patterns of stainless steel flatware in the nation. Available in four patterns, the Community style was designed especially for Betty Crocker coupon savers.

Suspended during World War II, the promotion resumed in 1947. By 1962, the program had grown well beyond flatwear, with publication of the first Betty Crocker coupon catalog.

To avoid confusion with cents-off coupons, the program was renamed "Betty Crocker Catalog Points" in 1992. Today, consumers can purchase items from the Betty Crocker catalog with cash and points.



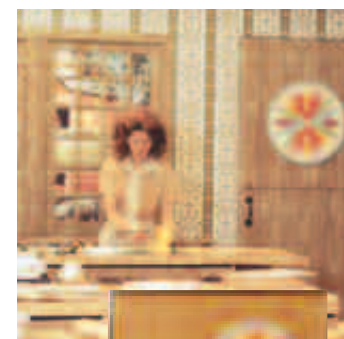
What's cooking?

Although the Betty Crocker Kitchens have evolved through the years, they still remain state-of-the-art. What would become the Betty Crocker Kitchens actually began as Washburn Crosby's test kitchens inside the A mill. Those kitchens, created before the birth of Betty Crocker, were full of modern conveniences like running water and gas stoves.

Those original kitchens would evolve into the General Mills test kitchens where staff would not only conduct cooking and baking tests, but also answer consumer letters, compile recipes, produce the material for the Betty Crocker radio shows, and host informal tours.

The kitchens formally changed their name to the "Betty Crocker Kitchens" in 1946. To accommodate the large numbers of visitors, General Mills began a daily tour schedule when its kitchens opened at its new headquarters in 1958 in Golden Valley, Minnesota. Invitations were sent, inviting people to "Come into our kitchens and see how we test and develop recipes, work on new products and perfect quicker, easier methods to help you in your homemaking."

In 1985, General Mills closed its kitchens to the public, in part to preserve the confidentiality of General Mills' new product research. At the time, five of



the seven kitchens had already been closed to the public to maintain the secrecy of new product development and testing.

During the years the kitchens were open, millions visited to catch a glimpse of where Betty Crocker created her famous recipes. Everyone from elementary school students to politicians and celebrities were drawn to Betty Crocker and her cooking.

Betty Crocker got a brand new kitchen in 2003. Her new 13,595-square-foot facility includes 22 microwaves, 18 refrigerators and 15 freezers. In this space, Betty Crocker Kitchens home economists are fully equipped to create delicious recipes for a whole new generation of cooks.



Recipes for success

From apple pie to pad Thai, Betty Crocker and Pillsbury have helped create family favorites for more than a century with thousands of delicious recipes.

General Mills' cookbook ventures began in 1903 with the *Gold Medal Flour Cook Book*. The first *Betty Crocker Picture Cook Book* was published in 1950. Dubbed "Big Red," it quickly became one of the best-selling books in the country, and was second in sales only to the Bible for a time.

Pillsbury issued its first cookbook, *A Book for a Cook*, in 1905. The popular *Pillsbury Family Cookbook* made its debut in 1963.

Many specialty cookbooks have been created, such as *Betty Crocker's Living with Cancer Cookbook*. Also popular are Pillsbury and Betty Crocker recipe magazines. Pillsbury published its first recipe magazine in 1949 to share the winning recipes from its

inaugural Bake-Off Contest. General Mills published its first recipe magazine, *Creative Recipes with Bisquick*, in 1981.

Through 2002, nearly 200 million Pillsbury and Betty Crocker recipe magazines have been welcomed into consumers' kitchens.



And the winner is...

In 1949, Pillsbury held its first “Grand National Recipe and Baking Contest.” The company's advertising agency created the contest in celebration of Pillsbury’s 80th birthday. It was quickly dubbed the “Bake-Off,” and thousands of recipes were sent in.



The company chose 100 finalists, including three men, to go to New York and prepare their recipes. The first grand prize winner was Theodora Smafield of Michigan who won \$50,000 for her yeast-bread recipe for No-Knead Water-Rising Twists.

The contest was such a success that Pillsbury decided to make it a tradition, adapting “Bake-Off Contest” as the official name. After the first year, a junior division was added.

Many popular recipes from the last 50 years have their origin in the Bake-Off Contest. In 1954, sesame seeds were virtually out of stock in supermarkets because of Dorothy Koteen’s winning recipe for Open Sesame Pie. When Tunnel of Fudge Cake made its appearance in the 1966 winners’ circle, Pillsbury received thousands of requests for help in locating the ring-shaped Bundt cake pan used in the recipe.

The first million-dollar Bake-Off Contest prize went to Kurt Wait of California, for his Macadamia Fudge Torte in 1996.



Have you tried Wheaties?

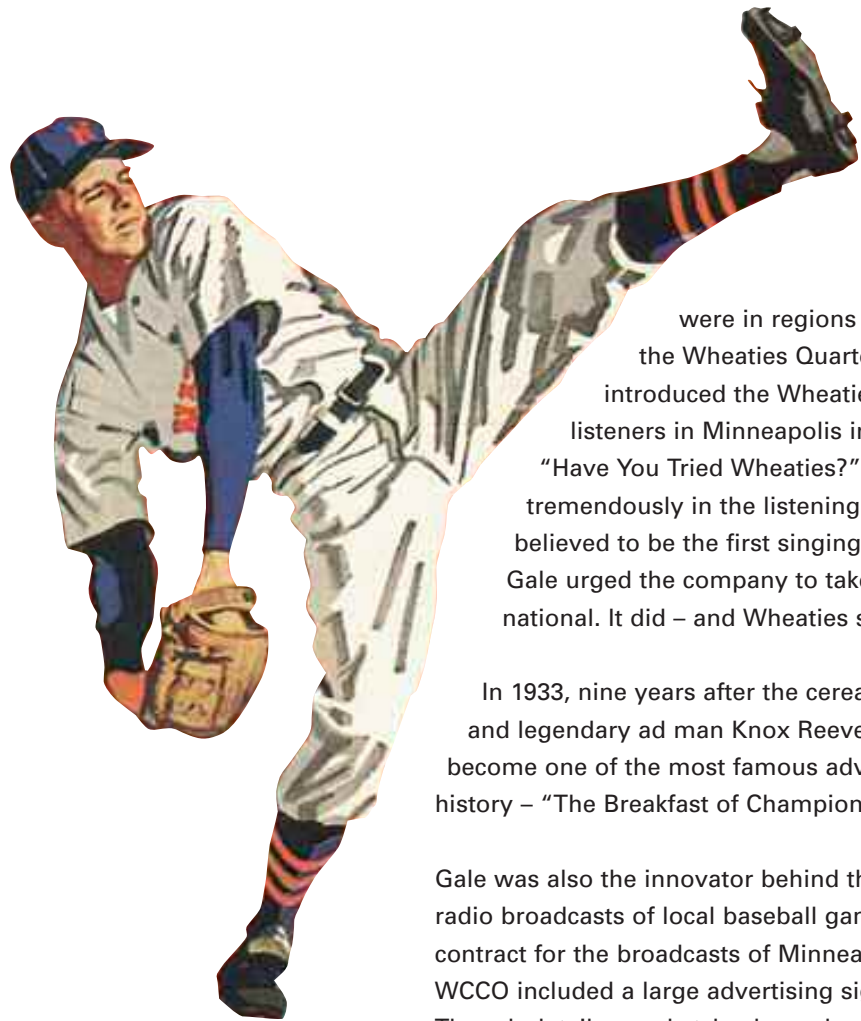
Like many great inventions, Wheaties cereal was discovered almost by accident. In 1921, a health clinician in Minneapolis spilled bran gruel mix on a hot stove. The gruel baked into a crispy flake. Upon tasting his new creation, he decided it had promise.

The flakes were brought to researchers at the Washburn Crosby Company where the head miller, George Cormack, set about perfecting the product. His top priority was making the flakes stronger so they didn't turn to dust in the box. After testing more than 35 formulas, Cormack finally found the perfect flake.

Jane Bausman, the wife of a General Mills export manager, won the companywide naming contest for the new product. Her idea, "Wheaties," was chosen over entries such as Nutties and the original name, Gold Medal Whole Wheat Flakes.

With sales lagging in 1929, General Mills considered discontinuing the product when advertising manager Sam Gale noticed that the majority of Wheaties customers





were in regions where they could hear the Wheaties Quartet. General Mills had introduced the Wheaties Quartet to radio listeners in Minneapolis in 1926. Its catchy tune "Have You Tried Wheaties?" helped boost sales tremendously in the listening area with what is believed to be the first singing advertisement on radio. Gale urged the company to take the commercial national. It did – and Wheaties sales soared.

In 1933, nine years after the cereal was introduced, Gale and legendary ad man Knox Reeves coined what would become one of the most famous advertising slogans in history – "The Breakfast of Champions."

Gale was also the innovator behind the idea of sponsoring radio broadcasts of local baseball games. General Mills' contract for the broadcasts of Minneapolis Millers games on WCCO included a large advertising sign board at the ballpark. Though details are sketchy, legend suggests the famous phrase was created as Reeves sketched a box of Wheaties and then wrote "Wheaties – The Breakfast of Champions." Whether it was an agency copywriter, Gale or Knox Reeves himself, the slogan was posted, and an advertising legend was born – marking the Wheaties affiliation with champions.



Ronald "Dutch" Reagan

WHEATIES BASEBALL BROADCASTS were very popular; eventually they were broadcast on 95 stations across the country. One young broadcaster at WHO in Des Moines, Iowa, entered a Wheaties-sponsored broadcaster contest in 1937 and won an all-expense paid trip to Hollywood. While there, play-by-play announcer Ronald "Dutch" Reagan took a screen test. That test led to a movie career and, as they say, the rest is history.



The Breakfast of Champions

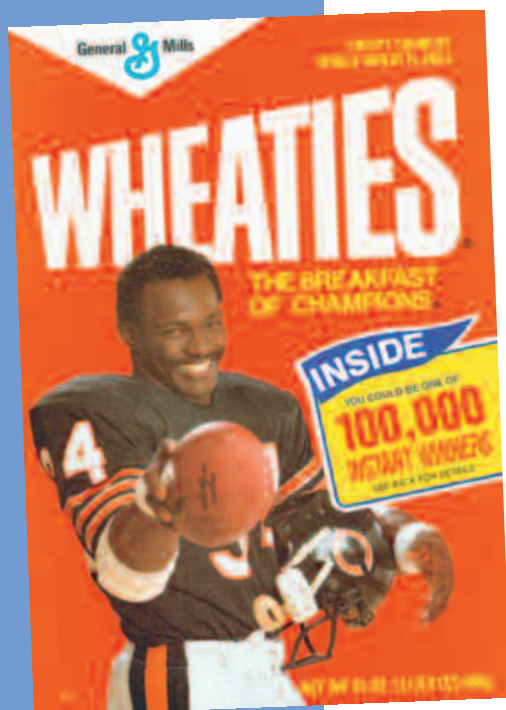


In 1934, Wheaties featured Lou Gehrig on the back of the box. It was the first time the cereal package featured an athlete and set an important precedent for the future. For many years, the athletes appeared on the back of the box. In 1958, Olympic pole vaulter Bob Richards was the first athlete to be featured on the front of the Wheaties box.

Over the years, Babe Ruth, Lou Gehrig, Joe DiMaggio, Jackie Robinson, Bob Feller, Hank Greenberg, Stan Musial, Ted Williams, Yogi Berra, Mickey Mantle, Johnny Bench and many other famous athletes have endorsed Wheaties. At one point, 46 of the 51 players selected for the 1939 Major League All-Star Game endorsed the product.

Through the years, Wheaties has had only seven official spokespersons: Bob Richards, Bruce Jenner, Mary Lou Retton, Walter Payton, Chris Evert, Michael Jordan and Tiger Woods.

For the cereal's 75th anniversary, General Mills asked consumers to vote for their favorite Wheaties champions, then re-released those boxes. The top 10 honorees were Michael Jordan, Lou Gehrig, Babe Ruth, Mary Lou Retton, Tiger Woods, Cal Ripkin Jr., Walter Payton, John Elway, Jackie Robinson and the 1980 U.S. Men's Olympic Hockey Team.



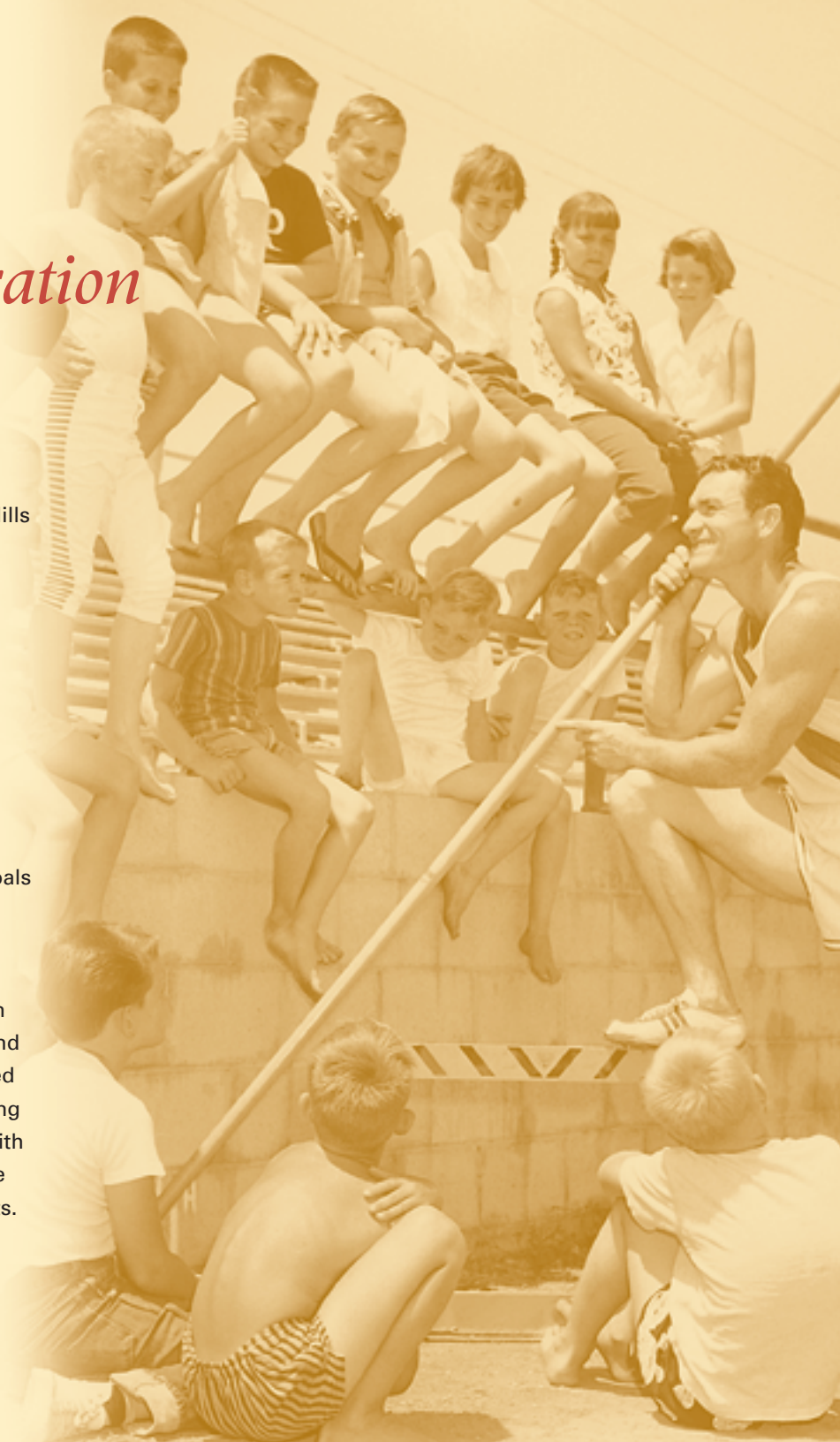
Wheaties Sports Federation

In 1956, President Dwight Eisenhower called the nation to action after a survey found that American children were behind those in Europe in muscular strength and flexibility. More than half of those tested failed at least one of the six tests, while only 8 percent in Europe failed. Working with President Eisenhower's Council of Youth Fitness, General Mills created the Wheaties Sports Federation in 1958.

It was a natural fit. Bob Richards, Olympic pole-vaulting champion and U.S. decathlon champion, was named director of the Wheaties Sports Federation.

Membership was offered to any American who pledged to four basic tenets: adequate exercise, sufficient rest, proper diet and clean living. The Federation also tried to advance the specific goals of Eisenhower's Council.

The Wheaties Sports Federation sponsored many different sporting events and television spots promoting sports and fitness. Wheaties promoted the Federation on packaging by providing consumers with healthy eating tips, exercise information and fun contests.



Down in the valley

The Jolly Green Giant is going strong, considering he's getting up there. The company behind the Giant, originally called the Minnesota Valley Canning Company, celebrated its 100th anniversary in 2003.

In its first year of operation, the Minnesota Valley Canning Company shipped nearly 12,000 cases of white cream-style corn – its only product. In 1907, the company expanded to produce Early June Peas.

From the beginning, the company focused on innovation – spending twice as much on research as the average food company. Several important developments resulted, including new corn seeds that grew taller; more tender kernels that were easier to remove from the cob; and gravity separators that measured peas and divided them into 10 distinct grades.

The company's drive for innovation was so great that in 1932, it had more trial acres of corn hybrids than all the research acres at the nation's colleges combined.





The Green Giant was born in 1925, originally to describe a new, larger, sweeter pea the company had developed. To obtain a trademark for the product, a giant character was created the same year for use on can labels. Ironically, the original Giant was neither green, nor giant. He was white, wore a bearskin and was probably more dwarf than giant. In the late 1930s, the Giant was given a makeover, with a more friendly and approachable persona – this time green. The word “Jolly” was added to his name at the suggestion of advertising legend Leo Burnett.



The Giant appeared in his first television commercial in 1961. In the ads, the Giant called out his famous “Ho Ho Ho.” Valley Helpers were created in 1972, including Little Green Sprout.



Over the years, the Jolly Green Giant became one of the most recognizable icons in advertising. He became so popular, in fact, that the company changed its name to the Green Giant Company in 1950.



GREEN GIANT commissioned renowned artist Norman Rockwell in 1938 to create paintings for an advertising campaign to tout the quality, flavor, tenderness and nutritional value of its vegetable line. Rockwell elected to paint corn on the cob instead of peas because, in his opinion, “peas (are) not a romantic subject.”

A Cheeri start

The country had corn flakes. The nation was eating its Wheaties. General Mills had even created Kix, a corn puff cereal. And, there was oatmeal. But there were no oat-based ready-to-eat cereals. Until Cheerios – or more accurately, until Cheerioats.

Cheerioats was developed out of General Mills' desire to provide consumers with a "satisfactory, tasty, ready-to-eat oat cereal," according to a 1941 issue of the *Modern Millwheel*, the company's newsletter. More than 500 different formulas were tested and more than 10 shapes and sizes were developed before researchers came up with the perfect combination. "Finally, the laboratory knew it had in Cheerioats the delicate balance of taste and palatability so difficult to find – a tasty, ready-to-eat oat cereal that contained vitamin B1, vitamin G, iron, calcium and phosphorous with added corn flour and tapioca."

A year after the launch, in 1942, Cheeri O'Leary, the Cheerioats mascot, was introduced. Known as "The Cheerioats Girl," Cheeri O'Leary appeared in both advertising and on packaging until 1946.





Four years after its debut, Cheerioats changed its name to Cheerios. The name change was, in part, in response to a competitor lawsuit, which took issue with the word “oats” in the name. According to Walter R. Barry, vice president of Grocery Products operations in 1945, the name was changed to “eliminate confusion which the manufacturers of rolled oats have felt existed among ready-to-eat and other product trade names.” The name change, we must admit, has worked out rather well.

Cheerios began sponsoring *The Lone Ranger* television show in 1949. The long-running sponsorship lasted until 1961.

Cheerios ads beginning in 1953 encouraged kids across the nation to connect the “Big G and Little O” to get the “GO” power of Cheerios. In the Cheerios Kid commercials, Sue always got into some sort of trouble. The Cheerios Kid was able to rescue her, after eating a bowl of his favorite Os and feeling the “GO” power. The Cheerios Kid and Sue campaign lasted for nearly two decades.

In 1954, Cheerios became General Mills’ top-selling cereal. In 2003, Cheerios was not only General Mills’ top cereal, but also the most popular cereal brand family in American grocery stores.



All in the family

The Cheerios franchise branched out for the first time in 1979, with the introduction of Honey Nut Cheerios. Its mascot, the Honey Nut Bee, was there from the beginning. The bee buzzed around without a name until 2000, when Kristine Tong, a fifth-grade student from Coolidge, Texas, won a national contest to name the bee, dubbing him "BuzzBee."

Apple Cinnamon Cheerios was introduced in 1988, followed by MultiGrain Cheerios in 1991, and Frosted Cheerios in 1995. Team USA Cheerios was launched with General Mills' sponsorship of Team USA in the 1996 Olympic Games in Atlanta. Team Cheerios arrived on shelves after the Olympics.



In 1999, Cheerios became the first leading cold cereal to be clinically proven to lower cholesterol as part of a healthy, low-fat diet. That important health benefit helped increase Cheerios sales. Honey Nut Cheerios was improved in 2002 to also provide a cholesterol-lowering health benefit.

Combining the great taste of fruit and Cheerios cereal, Berry Burst Cheerios was launched in two varieties in 2003. Berry Burst became General Mills' most successful new product launch in the history of the cereal category.

Approximately one of every 11 boxes sold in the United States in 2003 was part of the Cheerios brand family.



Changing identity



A traditional millwheel formed the nucleus of the first logo for General Mills in 1928. The millwheel logo was used, with slight modifications, for more than 20 years. In 1949, the millwheel logo was imprinted on a flag that became the corporate symbol for seven years. In the

mid-1950s, the company developed a new visual identity shaped like a television screen.



The logo changed again in the 1960s because of a successful cereal ad campaign. The campaign's theme centered on "goodness" with every package displaying a handwritten "G" in a white triangle. Within months, the "Big G" became synonymous with both "goodness" and General Mills. As a result, the "Big G" was refined and adapted as the corporate logo in 1963. Variations of this blue "G" represented General Mills throughout the remainder of the 20th century.



With the acquisition of The Pillsbury Company in 2001, the identity was revised to reflect the combination of the two companies. The familiar "G" symbol changed color, adopting the rich, deep blue from the Pillsbury identity. A series of dots – derived from the Pillsbury "barrelhead" logo – was added to symbolize the continued growth and progress of the General Mills family of brands.

