

cut your innovation. If anything, you should accelerate it."

General Mills said it expects to close out its fiscal year ending in May with a rise in U.S. cereal sales on a comparable basis, following a 3.3% decline last year.

The company also has to tackle challenges to its dairy business. Yogurt sales, driven by its Yoplait brand, fell 10% in the latest quarter.

With milk costs down, other yogurt brands offered significant discounts, while

ing steady to protect profitability.

Mr. Powell said the company's next couple of quarters will become more competitive as pricing and hopes to regain shelf space in retailers.

General Mills reported fiscal third-quarter earnings of \$361.7 million, or 56 cents a share, up from \$350.2 million, or 56 cents a year earlier. Excluding certain items, third-quarter earnings fell to 55 cents a share from 70 cents.

—Associated Press

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