



GENERAL MILLS

April 20, 2009

Ms. Florence E. Harmon
Acting Secretary
U.S. Securities and Exchange Commission
100F Street, NE
Washington, DC 20549-1090

File Number S7-27-08

ROADMAP FOR THE POTENTIAL USE OF FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS BY U.S. ISSUERS.

General Mills, Inc. (we, us, our) is pleased to respond to your request for comment on the proposed rule *"Roadmap for the Potential Use of Financial Statements Prepared in Accordance with International Financial Reporting Standards by U.S. Issuers"* (the Roadmap). We are a leader in the global packaged food industry. We or our affiliates operate in over 130 markets worldwide and had consolidated revenues of nearly \$14 billion in our most recently completed fiscal year. We believe we are eligible for early adoption of IFRS based on criteria set forth in the Roadmap.

We support the development of a single set of high-quality global accounting and reporting standards that promote the objectives of global transparency and comparability of financial information. The best way to achieve global transparency and comparability of financial information is through the continued convergence of U.S. GAAP and IFRS. This approach is a more cost-effective approach to achieve those objectives, rather than a conversion requiring duplicate reporting systems as the Roadmap sets forth.

We have significant experience applying IFRS for the financial reporting of our international subsidiaries. While IFRS are viewed to be principles-based, we are also familiar with interpretations of IFRS that are very rule-based. For example, IFRIC 11 specifies an exact method to charge costs to subsidiaries. Such a rule does not exist in U.S. GAAP. We believe the U.S. accounting profession and regulatory environment will continue to provide or require specific interpretations to the application of IFRS as they do today with U.S. GAAP, making IFRS like U.S. GAAP over time. Finally, principles-based standards require more detailed accounting policy disclosures to enable investors to assess the differences in application of the principles between companies. IFRS will not be a panacea for those seeking "principles-based" accounting.

The Roadmap provides metrics to estimate the cost of converting our systems and processes from U.S. GAAP to IFRS. The estimated first year cost to our shareholders is \$20 million using

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those metrics, and our preliminary assessments are consistent with that estimate. This is clearly a significant investment, one that we would not normally undertake without an adequate return. We do not foresee benefits under the Roadmap that would provide that return. Further, we believe that a significant portion of this cost could be avoided by following the path of continued convergence between U.S. GAAP and IFRS for a period of several years, with an adoption to follow in a reasonable period following the completion of these efforts.

We also believe the Roadmap creates complexity with regard to reporting to various U.S. government agencies. For income tax reporting to the Internal Revenue Service (IRS) every taxpayer has reached agreement on their methods of accounting. All U.S. employers also submit a variety of reports and forms to other governmental agencies like the Federal Reserve Board, the Department of Labor and the U.S. Census Bureau. Information in our tax return or these other forms is derived from our U.S. GAAP financial statements. If these agencies, especially the IRS, could not convert to IFRS-based methods of accounting and reporting on the same timeline as the Roadmap requires for preparation and filing of financial statements with the SEC, U.S. registrants would be required to maintain two sets of U.S.-based financial statements, potentially indefinitely. This dual reporting will result in significant ongoing operating costs not contemplated in the SEC's cost estimates included in the Roadmap. These costs would again be a burden on our shareholders without any return.

The Roadmap sets forth a timeline that will require the maintenance of parallel U.S. GAAP and IFRS results beginning in 2012 in preparation for a 2014 full adoption. It is unclear what the effects of this adoption are on other annual financial information included in the periodic SEC filings. Additional audit costs will be incurred. If the Roadmap is pursued in its current form, consideration must be given to the balance between the quantity of IFRS-based information provided to investors and the costs of its development. If full adoption is still the outcome, then we believe two years of IFRS-based financial statements is sufficient, with adoption required in the first periodic filing in the second year. Selected financial data for years prior to those affected by the change should not be converted to an IFRS basis of accounting.

The Roadmap appropriately highlights the importance of education and training, including the education of investors. While there have been extraordinary efforts to ramp-up understanding of IFRS, we believe that the depth of knowledge in the U.S. falls far short of the level required to use IFRS-based financial statements effectively. We urge the SEC to consider carefully the effort and time required to achieve an acceptable level of knowledge among investors prior to adoption.

Finally, the Roadmap contains a number of milestones for the full adoption of IFRS. One of the milestones is related to the development of XBRL for IFRS. We are a member of the SEC's Voluntary Filing Program for XBRL and are preparing to adopt the SEC's recent rule on XBRL. In our experience, we do not believe this is a necessary milestone for the adoption of IFRS.

In summary, we believe that the objectives of the proposed Roadmap could be more cost-effectively achieved by continued convergence of U.S. GAAP and IFRS. Evaluation of the matters raised by us and others providing comments on the Roadmap require careful

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consideration by the SEC. If, following the result of that careful consideration and study, the SEC still believes that full adoption on a certain date of a single set of globally accepted standards is paramount then the Roadmap must include more preparation time for all registrants. We recommend giving registrants five years to comply with the full-adoption requirement.

We provide more detailed responses to certain of the questions posed in the Roadmap in the Appendix. Thank you for your consideration of the points outlined in this letter. We would be happy to answer any questions that you might have and to assist you in the further development of the Roadmap.

Sincerely,



Richard O. Lund
Vice President, Controller &
Principal Accounting Officer



William F. Koschak
Vice President, Financial Reporting

APPENDIX

- 1. Do commenters agree that U.S. investors, U.S. issuers and U.S. markets would benefit from the development and use of a single set of globally accepted accounting standards? Why or why not? What are commenters' views on the potential for IFRS as issued by the IASB as the single set of globally accepted accounting standards?**

We agree that all stakeholders would benefit from the development and use of a single set of high quality globally accepted accounting standards. A single set of globally accepted accounting standards would enhance international investing and financing opportunities, and would provide users with a globally consistent framework to use in making capital allocation decisions. However, its implementation within the United States should begin only after the significant FASB and IASB convergence efforts are substantially completed. Country-specific implementations or application should also be eliminated prior to implementation in the United States, if the potential benefits of a single set of high quality globally accepted accounting standards are to ever be realized.

We operate in over 130 countries. Use of a single set of high-quality globally accepted accounting standards would enable our finance departments to operate under a single global accounting framework, for both consolidated and statutory local reporting purposes. However, current adoption of IFRS in our local markets to date has shown an 80 percent adoption rate using locally-adopted IFRS as opposed to IFRS as adopted by the IASB, as would be required in the United States under the Roadmap. Unless other countries can be persuaded to allow the use of IFRS as adopted by the IASB in their statutory financial statements, we will not be able to generate much in the way of cost savings by harmonizing our U.S. and all other government reporting. In addition, IFRS 1 is especially punitive for local country adopters of IFRS in the event that a corporate entity desires to adopt a global accounting policy for all financial statements across the entity subsequent to the subsidiary's adoption of IFRS. Being unable to change prior elections or principle-based decisions at the subsidiary level as a result of the parent's later adoption is not consistent with the perception of IFRS as a more user-friendly set of accounting standards. This is another issue that will prevent us from achieving any hoped-for cost savings. We recommend IFRS 1 (or the SEC's interpretation of it) be modified to enable changes in subsidiary accounting policies upon the adoption of IFRS by its parent, or something to that effect.

- 2. Do commenters agree that the milestones and considerations described in Section III.A. of this release ("Milestones to be Achieved Leading to the Use of IFRS by U.S. Issuers") comprise a framework through which the Commission can effectively evaluate whether IFRS financial statements should be used by U.S. issuers in their filings with the Commission? Are any of the proposed milestones not relevant to the Commission's evaluation? Are there any other milestones that the Commission should consider?**

The milestones and considerations identified by the Commission in its Roadmap generally provide an effective means by which IFRS readiness in the U.S. may be measured. We

recommend the SEC add a milestone related to the improvement of accounting standards through the IASB and FASB convergence projects. A major cost of conversion to IFRS may be eliminated if the convergence project is substantially completed prior to any mandated adoption of IFRS. The FASB and IASB have committed to resolving several significant areas of difference by 2011 as part of their convergence efforts. We believe their convergence project timeline to be ambitious. If the Boards are unable to complete a significant portion of the convergence project by 2011, then a transition to IFRS soon thereafter will add significant cost and complexity to the adoption of IFRS. Therefore, we believe adding a milestone tied to convergence on the major topics will enable a conversion to IFRS in the United States only when all major areas of difference between the two sets of accounting rules have been harmonized. This will be most cost effective, and is likely to be best received among all participants in the global capital markets, and especially those in the United States.

We recommend the milestone regarding XBRL be dropped from the Roadmap, as it is not a critical criterion for a move toward adoption of IFRS financial statements in the United States.

In addition, we suggest that the SEC consider adding a milestone to monitor the willingness and ability of other government agencies to begin accepting IFRS financial reporting. Currently agencies such as the Internal Revenue Service (IRS) and the U.S. Department of Labor (DOL), among several others, rely on U.S. GAAP as their basis for reporting. If the SEC were to require reporting in IFRS, and such a change were not coordinated with other U.S. government agencies, then U.S. companies would need to continue to maintain U.S. GAAP books, while also preparing IFRS financial statements. Financial reporting costs for all U.S. companies would increase significantly upon the adoption of IFRS if these agencies continue to require U.S. GAAP-based reporting. The risk of error in one or both sets of financial statements would also increase substantially.

- 3. Do commenters agree with the timing presented by the milestones? Why or why not? In particular, do commenters agree that the Commission should make a determination in 2011 whether to require use of IFRS by U.S. issuers? Should the Commission make a determination earlier or later than 2011? Are there any other timing considerations that the Commission should take into account?**

U.S. companies would benefit from a methodical, well-planned, and thorough transition to IFRS. U.S. companies will need several years to prepare and plan before creating their initial IFRS opening balance sheet. Other U.S. government agencies will need to incorporate this change into their requirements. Without ample time to plan and coordinate a transition, U.S. companies will incur significant costs as well as expose themselves to financial reporting misstatement risks. We believe that in this case “ample time” is five years before the first balance sheet would be required as part of a mandatory conversion date. As discussed in our response to question 2, the substantial completion of convergence projects will create the stable platform necessary for a methodical transition to IFRS. Accordingly, we recommend that the SEC modify its roadmap to allow for enough time between the announcement of an

IFRS reporting mandate and the required IFRS transition date opening balance sheet. Such a date is likely to be 2016 or after.

- 4. What are commenters' views on the mandated use of IFRS by U.S. issuers beginning in 2014, on an either staged-transition or non-staged transition basis? Should the date for mandated use be earlier or later? If the Commission requires the use of IFRS, should it do so on a staged or sequenced basis? If a staged or sequenced basis would be appropriate, what are commenters' views on the types of U.S. issuers that should first be subject to a requirement to file IFRS financial statements and those that should come later in time? Should any sequenced transition be based on the existing definitions of large accelerated filer and accelerated filer? Should the time period between stages be longer than one year, such as two or three years?**

We believe that IFRS reporting should begin as of a common date for all filers based on the additional milestone we recommend adding in response to question 2. We believe such a date should be beyond the current date proposed in the Roadmap, and is likely 2016 or after based on our response to question 3.

- 5. What do commenters believe would be the effect on convergence if the Commission were to follow the proposed Roadmap or allow certain U.S. issuers to use IFRS as proposed?**

We believe strongly that any adoption of IFRS in the United States should occur after the current convergence plans have been substantially completed. To adopt prior to this completion would substantially increase the cost to all U.S. registrants. In addition, to adopt IFRS prior to completion of the current phase of convergence would also increase the risk for confusion among investors. We believe the current convergence efforts to be on an overly aggressive timeline, with a low likelihood of achievement. Adding a milestone related to the completion of these convergence efforts reduces to an acceptable level the risk of future material changes to U.S. company financial statements as a result of future IFRS or convergence-related standard setting.

We also believe that focus on convergence first will result in better standards. We presume that any inability to achieve convergence is rooted in fundamental differences between U.S. standards setters and the IASB. Adopting IFRS prior to full convergence therefore implies that the U.S. standard setters are willing to abandon their points of view which, assuming those views are well-founded, would be unfortunate. Ensuring major capital markets require use of IFRS as issued by the IASB would be another way to drive consistency in this area.

16. Do commenters agree that certain U.S. issuers should have the alternative to report using IFRS prior to 2011? What circumstances should the Commission evaluate in order to assess the effects of early adoption on comparability of industry financial reporting to investors?

As stated previously, we believe all U.S. companies should adopt IFRS at the same time, if it occurs. Early adoption should not be permitted.

31. What difficulties, if any, do U.S. issuers anticipate in applying the requirements of IFRS 1 on first time adoption of IFRS, including the requirements for restatement of and reconciliation from previous years' U.S. GAAP financial statements?

The most significant challenge will be the dual reporting and reconciliation under U.S. GAAP and IFRS during the transition period, and if no changes are made to current requirements, continuing to dual report post adoption for the reporting requirements of other U.S. government agencies. Based on the results of our preliminary assessment, the nature of the differences between IFRS and U.S. GAAP will prevent us from relying on top-side adjustments to convert from U.S. GAAP to IFRS. We will need to make changes to our practices and underlying operating and reporting systems to enable efficient and well-controlled financial reporting. As discussed in our response to question 33, two years of income statements on an IFRS basis should be all that is required if a full adoption is the elected path.

We also believe that local IFRS policy elections already made as part of subsidiary adoptions of IFRS will create challenges upon our global adoption of IFRS. Unless IFRS 1 is amended to allow the parent company's adoption of IFRS to change first-time prior elections by subsidiaries, then inconsistencies will result between our U.S. and local accounting, requiring those subsidiaries to incur costs to continue to maintain two sets of books, just as they do today.

33. To facilitate the transition to IFRS, should we add an instruction to Form 10-K and Form 10-Q under which an issuer could file two years, rather than three years, of IFRS financial statements in its first annual report containing IFRS financial statements as long as it also filed in that annual report three years of U.S. GAAP financial statements? Under such an approach, an issuer could, during its third year after beginning its IFRS accounting, choose to file a Form 10-K/A with IFRS financial statements covering the previous two fiscal years. For the current (third) fiscal year, the issuer could then file quarterly reports on Form 10-Q using IFRS financial statements. For example, a calendar-year issuer that began its IFRS accounting for the 2010 fiscal year would use U.S. GAAP to prepare its Forms 10-Q and Forms 10-K for the 2010 and 2011 fiscal years. In 2012, that issuer would have the option of filing a Form 10-K or a Form 10-K/A with IFRS financial statements for 2010 and 2011, which would allow it to use IFRS in its quarterly reports during 2012, or continuing to use U.S. GAAP. In either case, the Form 10-K covering the 2012 fiscal year would include three years of IFRS financial statements.

Yes. The requirement of only two years of IFRS financial statements in the first annual and quarterly report containing IFRS financial statements would significantly reduce the burden and cost for U.S. issuers during the transition period, and provide additional time for an orderly transition. It would be our expectation those three years of audited financial statements on an IFRS basis would be issued in the year after adoption of IFRS. Furthermore, the SEC has proposed that the requirements under Item 301(a) of Regulation S-K require that issuers must provide three years of selected financial data building up to five years with the progression of time. Given our request to present two years of audited financial statements rather than three as proposed in the Roadmap, we likewise request that the SEC initially require only two years of selected financial data. We agree with the SEC that each year an additional IFRS financial statement is presented, an additional year of selected financial data based on IFRS will be presented, eventually building up to five years.

If the SEC requires three years of IFRS financial statements for the first annual and quarterly reporting, it would result in a U.S.-specific requirement for IFRS reporting that is more onerous than the requirements of IFRS.

We also believe the SEC should allow adoption in the first quarter of the fiscal year (rather than with the Form 10-K at the end of the fiscal year). This would simplify conversion by effectively eliminating one full year of parallel processing and reporting. Under this approach, registrants could provide a filing during the first interim period of the year of adoption that restates the applicable historical financials using IFRS. They could then use IFRS beginning with the first quarterly Form 10-Q's, using the restated prior period IFRS financial data for the comparative periods.

41. Under either Proposal, should we require that the issuer's "Management's Discussion and Analysis of Financial Condition and Results of Operations" prepared under Item 303 of Regulation S-K contain a discussion of the reconciliation and the differences between IFRS as issued by the IASB and U.S. GAAP?

We believe that Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should contain a discussion of the reconciliation and differences between IFRS and U.S. GAAP in the initial year of adoption and until no historical U.S. GAAP financial statement information is included in MD&A.

55. Will three years of selected financial data based on IFRS be sufficient for investors, or should IFRS issuers be required to disclose in their selected financial data previously published information based on U.S. GAAP with respect to previous financial years or interim periods?

We believe that including two years of selected financial data based on IFRS upon transition will provide investors with sufficient information to assess the issuer and compare it with its competitors. The selected financial data provided in the years after adoption of IFRS will then increase to the current five years of data required today. This disclosure is consistent

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with the suggestions we have presented previously, where we believe that reducing the requirement for IFRS financial statements from three years to two years (consistent with the current requirement in IFRS) for only the year of transition, would effectively provide sufficient time and reduce the cost related to the conversion borne by the issuers, while still providing investors with sufficient information to assess the issuer and compare it with its competitors.