

Headnote

MRRS - registration and prospectus relief for issuance of shares by foreign issuer to Canadian employees, officers and directors under option and incentive plans - issuer bid relief for foreign issuer in connection with acquisition of shares under option and incentive plans.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s. 25, 35(1)(1), 35(1)(12)(iii), 35(1)(17), 53, 72(1)(f)(iii), 72(1)(k), 74(1), 89(1), 93(3)(d), 104(2)(c).

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 182(1), 183, 203.1(1)(b)(ii), 204, 206.

Rules Cited

OSC Rule 45-503 - Employee Exemption - ss. 2.2 to 2.4, 3.5.

OSC Rule 72-501 - Prospectus Exemption from First Trade Over a Market Outside Ontario.

IN THE MATTER OF THE SECURITIES LEGISLATION OF
ONTARIO, BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
NEW BRUNSWICK AND NOVA SCOTIA

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW
SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND IN THE MATTER OF GENERAL MILLS, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the *Decision-Maker*) in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia (the *Jurisdictions*) has received an application from General Mills, Inc. (*General Mills* or the *Company*) for a decision pursuant to the securities legislation of the *Jurisdictions* (the *Legislation*) that:

- (i) the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the *Registration and Prospectus Requirements*) shall not apply to certain trades in shares of General Mills common stock (the *Shares*) made in connection with the General Mills, Inc. 1998 Employee Stock Plan (the *1998 Stock Plan*); and
- (ii) the requirements contained in the Legislation relating to the delivery of an offer and issuer bid circular and any notices of change or variation thereto, minimum deposit periods and withdrawal rights, taking up and paying for securities tendered to an issuer bid, disclosure, restrictions upon purchases of securities, bid financing, identical consideration and collateral benefits together with the requirement to file a reporting form within 10 days of an exempt issuer bid and pay a related fee (the *Issuer Bid Requirements*) shall not apply to certain acquisitions by General Mills of Shares pursuant to the 1998 Stock Plan in the *Jurisdictions*.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the *System*), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS General Mills has represented to the Decision-Makers as follows:

1. General Mills is presently a corporation incorporated under the laws of the state of Delaware. The executive offices of General Mills are located in Minneapolis, Minnesota.
2. The Company is registered with the Securities Exchange Commission (ASEC@) in the United States under the *Securities Exchange Act of 1934* (the AExchange Act@) and is not exempt from the reporting requirements of the Exchange Act pursuant to Rule 12G 3-2 made thereunder.
3. General Mills is not a reporting issuer in any Jurisdiction and has no present intention of becoming a reporting issuer in any Jurisdiction. The majority of the directors and senior officers of General Mills reside outside of Canada.
4. The authorized share capital of General Mills consists of one billion Shares and 5 million shares of preferred stock (the APreferred Shares@). As of September 25, 2001, there were 285,295,585 Shares and no Preferred Shares issued and outstanding.
5. The Shares are listed on the New York Stock Exchange (ANYSE@).
6. The purpose of the 1998 Stock Plan is to attract and retain able employees by rewarding employees of General Mills and its affiliates (the AGeneral Mills Companies@) and to align the interests of employees with those of the stockholders of the Company through compensation that is based on the value of the Company's Shares.
7. Under the 1998 Stock Plan, options exercisable for Shares (the AOptions@) may be granted to employees of the General Mills Companies (the AParticipants@). The 1998 Stock Plan also provides for the grant of restricted stock and restricted stock units but the General Mills Companies do not currently intend to make these available to their Canadian employees.
8. Employees who participate in the 1998 Stock Plan will not be induced to purchase Shares by expectation of employment or continued employment.
9. The 1998 Stock Plan is administered by the board of directors (the ABoard@) of the Company and/or a committee appointed by the Board.
10. As of September 25, 2001, there were 1400 Participants in Canada eligible to receive Options under the 1998 Stock Plan: 848 in Ontario; 50 in British Columbia; 67 in Alberta; 3 in Saskatchewan; 82 in Manitoba; 339 in Quebec; 3 in New Brunswick; and 8 in Nova Scotia.
11. Following the termination of a Participant's relationship with the General Mills Companies for reasons of disability, retirement, Achange of control@, Aspin-off@ or any other reason (collectively, the AFormer Participants@) and on the death of a Participant,

where the Option has been transferred by will or pursuant to the laws of intestacy (collectively, the APermitted Transferees@), the Former Participants and Permitted Transferees will continue to have rights in respect of the 1998 Stock Plan (APost-Termination Rights@). Post-Termination Rights may include, among other things, the right of a Former Participant to exercise an Option for a period determined in accordance with the 1998 Stock Plan following termination and the right to sell Shares acquired under the 1998 Stock Plan through the Agent.

12. General Mills may use the services of one or more agents/brokers (collectively, AAgents@and, individually, an AAgent@) under the 1998 Stock Plan. The current Agent for the 1998 Stock Plan is Wells Fargo Stock Options Services, Inc. The current Agent is, and if replaced, or if additional Agents are appointed, will be registered under applicable United States securities or banking legislation and has been or will be authorized by General Mills to provide services under the 1998 Stock Plan. The current Agent is not registered to conduct retail trades in any of the Jurisdictions and, if replaced, or if additional Agents are appointed, is not expected to be so registered in any of the Jurisdictions.
13. The Agent-s role in the 1998 Stock Plan may include (a) assisting with the administration of the 1998 Stock Plan, including record-keeping functions; (b) facilitating the exercise of Options granted under the 1998 Stock Plan (including cashless and stock-swap exercises) to the extent that they are exercisable for Shares; (c) holding Shares issued under the 1998 Stock Plan on behalf of Participants, Former Participants and Permitted Transferees; and (d) facilitating the resale of the Shares issued in connection with the 1998 Stock Plan.
14. As there is no market for the Shares in Canada and none is expected to develop, it is expected that the resale by Participants, Former Participants and Permitted Transferees of the Shares acquired under the 1998 Stock Plan will be effected through the NYSE.
15. The sale of Shares acquired under the 1998 Stock Plan may be made by Participants, Former Participants or Permitted Transferees through the Agent.
16. As at September 25, 2001, Canadian shareholders did not hold, directly or indirectly, more than 10% of the issued and outstanding Shares of the Company and do not constitute more than 10% of the shareholders of the Company. If at any time during the currency of the 1998 Stock Plan Canadian shareholders of the Company hold, in aggregate, greater than 10% of the total number of issued and outstanding Shares or if such shareholders constitute more than 10% of all shareholders of the Company, the Company will apply to the relevant Jurisdiction for an order with respect to further trades to and by Participants, Former Participants and Permitted Transferees in that Jurisdiction in respect of Shares acquired under the 1998 Stock Plan.

17. All necessary securities filings have been made in the United States in order to offer the 1998 Stock Plan to Participants of the General Mills Companies resident in the United States.
18. A prospectus prepared according to United States securities laws describing the terms and conditions of the 1998 Stock Plan will be delivered to each employee who is granted an Option under the 1998 Stock Plan. The annual reports, proxy materials and other materials General Mills is required to file with the SEC will be provided or made available to Participants resident in Canada at the same time and in the same manner as the documents are provided or made available to Participants resident in the United States.
19. Pursuant to the 1998 Stock Plan, the acquisition of Shares by the Company in certain circumstances may constitute an issuer bid. The terms of the 1998 Stock Plan permit Option holders to surrender Shares to the Company on a stock-swap exercise. The exemptions in the Legislation from the Issuer Bid Requirements may not be available for such acquisitions by the Company since such acquisitions may occur at a price that is not calculated in accordance with the market price, as that term is defined in the Legislation, and may be made from persons other than employees or former employees.
20. The Legislation of certain of the Jurisdictions does not contain exemptions from the Prospectus and Registration Requirements for all the intended trades in Options and Shares under the 1998 Stock Plan.
21. When the Agent sells Shares on behalf of Participants, Former Participants and Permitted Transferees, the Agent, Participants, Former Participants and Permitted Transferees may not be able to rely upon the exemptions from the Registration and Prospectus Requirements contained in the Legislation of certain of the Jurisdictions.

AND WHEREAS pursuant to the System, this Decision Document evidences the decision of each Decision-Maker (collectively, the Decision);

AND WHEREAS each of the Decision-Makers is satisfied that the test contained in the Legislation that provides the Decision-Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision-Makers pursuant to the Legislation is that:

- (i) the Registration and Prospectus Requirements shall not apply to any trade or distribution of Options or Shares made in connection with the 1998 Stock Plan, including trades and distributions involving the Agent, Participants, Former Participants, and Permitted Transferees, provided that the first trade in Shares acquired pursuant to this Decision in a Jurisdiction shall be deemed a primary distribution to the public under the Legislation of such Jurisdiction unless the conditions in section 2.14(1) of MI 45-102 Resale of Securities are satisfied;

- (ii) the first trade by Participants, Former Participants or Permitted Transferees, in Shares acquired pursuant to the 1998 Stock Plan, including first trades effected through the Agent, shall not be subject to the Registration and Prospectus Requirements, provided such first trade is executed through a stock exchange or market outside of Canada; and
- (iii) the Issuer Bid Requirements of the Legislation shall not apply to the acquisition by General Mills of Shares from Participants, Former Participants or Permitted Transferees provided such acquisitions are made in accordance with the terms of the 1998 Stock Plan.

DATED this 9th day of January, 2002..

APaul Moore@

ARobert W. Korthals@
