

Financial Accounting Standards Board

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DENNIS R. BERESFORD
Chairman

April 27, 1994

Mr. H.B. Atwater, Jr.
Chairman of the Board
Chief Executive Officer
General Mills, Inc.
P.O. Box 1113
Minneapolis, MN 55440

Dear Bruce:

I received a copy of Arthur Levitt's letter to you along with your earlier letter to him. Arthur is correct in noting that we have no compromise plan in mind at this time. Our redeliberations of the exposure draft are expected to begin on May 18. To date we have had no discussions about any possible changes to the exposure draft, whether they are major or minor.

At a meeting on April 18, a number of academic researchers, investment bankers and other experts met with us and made a number of suggestions to modify our proposed valuation approach. Most of them argued that the FASB's proposal tended to over value options although no consensus on a "more correct" approach developed. In fact, one FASB Board member stated at the conclusion of the public meeting that "he had more questions at the end of the meeting than at the beginning."

As we always do, I have distributed copies of your correspondence with Arthur Levitt to my fellow Board members and appropriate staff. We will consider your new suggestions when we begin redeliberating all of the issues in the exposure draft next month.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dennis R. Beresford'. The signature is written in a cursive style with a large initial 'D'.

Dennis R. Beresford

DRB:js

cc: Arthur Levitt, Jr.