

GENERAL MILLS INC
Form 11-K
June 30, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 11-K

(Mark One):

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934.**

For the fiscal year ended December 31, 2007.

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934.**

For the transition period from _____ to _____.

Commission file number: 001-01185

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

General Mills 401(k) Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

General Mills, Inc.

Number One General Mills Boulevard

Minneapolis, Minnesota 55426

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Consent of KPMG LLP

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GENERAL MILLS 401(k) SAVINGS PLAN
Financial Statements and Supplementary Schedules
December 31, 2007 and 2006
(With Report of Independent Registered Public Accounting Firm Thereon)

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Report of Independent Registered Public Accounting Firm

The Benefit Finance Committee of General Mills, Inc.

General Mills 401(k) Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the General Mills 401(k) Savings Plan (the Plan) as of December 31, 2007 and 2006, and the related statements of changes in net assets available for benefits for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the General Mills 401(k) Savings Plan as of December 31, 2007 and 2006, and the changes in net assets available for benefits for the years ended December 31, 2007 and 2006, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) and of reportable transactions as of and for the year ended December 31, 2007 are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Minneapolis, Minnesota

June 30, 2008

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GENERAL MILLS 401(k) SAVINGS PLAN
Statement of Net Assets Available for Benefits
December 31, 2007

| | Allocated | Unallocated | Total |
|--|------------------|--------------------|---------------|
| Assets: | | | |
| Participant directed investments: | | | |
| Interest-bearing cash and short-term investments | \$ 24,358,528 | | 24,358,528 |
| Master Trust Investment Accounts (MTIA) | 1,788,092,611 | | 1,788,092,611 |
| All other investments, at fair value: | | | |
| Common stock | 398,867,988 | | 398,867,988 |
| Unallocated insurance contracts | 15,030,054 | | 15,030,054 |
| Registered investment companies | 5,066,763 | | 5,066,763 |
| Participant loan fund | 30,860,655 | | 30,860,655 |
| Directed brokerage fund | 66,656,401 | | 66,656,401 |
| | | | |
| Total participant-directed investments | 2,328,933,000 | | 2,328,933,000 |
| | | | |
| Nonparticipant directed investments: | | | |
| Interest-bearing cash and short-term investments | | 36,426 | 36,426 |
| Investments, at fair value: | | | |
| Common stock | | 741 | 741 |
| | | | |
| Total nonparticipant-directed investments | | 37,167 | 37,167 |
| | | | |
| Total investments | 2,328,933,000 | 37,167 | 2,328,970,167 |
| | | | |
| Receivables: | | | |
| Employer contributions | | 1,711,758 | 1,711,758 |
| Interest and dividends | 146,729 | 6,107 | 152,836 |
| Miscellaneous | 22,596 | | 22,596 |
| | | | |
| Total assets | 2,329,102,325 | 1,755,032 | 2,330,857,357 |
| | | | |
| Liabilities: | | | |
| Accounts payable | 1,978,615 | | 1,978,615 |
| Accounts payable for investments purchased | 631,762 | | 631,762 |
| | | | |
| Total liabilities | 2,610,377 | | 2,610,377 |
| | | | |
| Net assets available for benefits at fair value | 2,326,491,948 | 1,755,032 | 2,328,246,980 |

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| | | | |
|--|-----------|--|-----------|
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | 9,082,709 | | 9,082,709 |
|--|-----------|--|-----------|

| | | | |
|-----------------------------------|------------------|-----------|---------------|
| Net assets available for benefits | \$ 2,335,574,657 | 1,755,032 | 2,337,329,689 |
|-----------------------------------|------------------|-----------|---------------|

See accompanying notes to financial statements.

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Statement of Net Assets Available for Benefits

December 31, 2006

| | Allocated | Unallocated | Total |
|--|------------------|--------------------|---------------|
| Assets: | | | |
| Participant-directed investments: | | | |
| Interest-bearing cash and short-term investments | \$ 16,108,705 | | 16,108,705 |
| Master Trust Investment Accounts (MTIA) | 1,687,681,118 | | 1,687,681,118 |
| All other investments, at fair value: | | | |
| Common stock | 397,811,297 | | 397,811,297 |
| Unallocated insurance contracts | 14,382,368 | | 14,382,368 |
| Participant loan fund | 27,793,920 | | 27,793,920 |
| Directed brokerage fund | 56,071,254 | | 56,071,254 |
| | | | |
| Total participant-directed investments | 2,199,848,662 | | 2,199,848,662 |
| | | | |
| Nonparticipant-directed investments: | | | |
| Interest-bearing cash and short-term investments | | 43,434 | 43,434 |
| Investments, at fair value: | | | |
| Common stock | | 6,206,225 | 6,206,225 |
| | | | |
| Total nonparticipant-directed investments | | 6,249,659 | 6,249,659 |
| | | | |
| Total investments | 2,199,848,662 | 6,249,659 | 2,206,098,321 |
| | | | |
| Receivables: | | | |
| Employer contributions | | 1,146,394 | 1,146,394 |
| Interest and dividends | 121,736 | 2,826 | 124,562 |
| Miscellaneous | 46,369 | | 46,369 |
| | | | |
| Total assets | 2,200,016,767 | 7,398,879 | 2,207,415,646 |
| | | | |
| Liabilities: | | | |
| Accounts payable | 2,229,037 | 5,670 | 2,234,707 |
| Loans | | 1,801,000 | 1,801,000 |
| | | | |
| Total liabilities | 2,229,037 | 1,806,670 | 4,035,707 |
| | | | |
| Net assets available for benefits at fair value | 2,197,787,730 | 5,592,209 | 2,203,379,939 |

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| | | | |
|--|-------------|--|-------------|
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (5,115,012) | | (5,115,012) |
|--|-------------|--|-------------|

| | | | |
|-----------------------------------|------------------|-----------|---------------|
| Net assets available for benefits | \$ 2,192,672,718 | 5,592,209 | 2,198,264,927 |
|-----------------------------------|------------------|-----------|---------------|

See accompanying notes to financial statements.

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GENERAL MILLS 401(k) SAVINGS PLAN
Statement of Changes in Net Assets Available for Benefits
Year ended December 31, 2007

| | Allocated | Unallocated | Total |
|--|------------------|--------------------|---------------|
| Net assets available for benefits at beginning of period | \$ 2,192,672,718 | 5,592,209 | 2,198,264,927 |
| Investment income: | | | |
| Income from MTIA | 141,187,077 | | 141,187,077 |
| Income from all other investments: | | | |
| Dividends and interest | 14,259,821 | 92,895 | 14,352,716 |
| Net realized/unrealized appreciation in fair market value of investments | 2,180,310 | 157,126 | 2,337,436 |
| Total net investment income | 157,627,208 | 250,021 | 157,877,229 |
| Contributions: | | | |
| Employees | 88,776,647 | | 88,776,647 |
| Employee rollovers | 4,492,983 | | 4,492,983 |
| Employer | | 44,780,394 | 44,780,394 |
| Total contributions | 93,269,630 | 44,780,394 | 138,050,024 |
| Forfeitures | (1,076,600) | 1,076,600 | |
| Allocation of 845,172 shares of common stock of General Mills Inc. at market | 49,171,900 | | 49,171,900 |
| Total additions | 298,992,138 | 46,107,015 | 345,099,153 |
| Distributions and expenses: | | | |
| Interest expense | | (64,911) | (64,911) |
| Administrative expenses | (2,593,584) | (707,381) | (3,300,965) |
| Distributions to participants/beneficiaries | (153,496,615) | | (153,496,615) |
| Allocation of 845,172 shares of common stock of General Mills Inc. at market | | (49,171,900) | (49,171,900) |
| Total deductions | (156,090,199) | (49,944,192) | (206,034,391) |
| Net assets available for benefits at end of period | \$ 2,335,574,657 | 1,755,032 | 2,337,329,689 |

See accompanying notes to financial statements.

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GENERAL MILLS 401(k) SAVINGS PLAN
Statement of Changes in Net Assets Available for Benefits
Year ended December 31, 2006

| | Allocated | Unallocated | Total |
|---|----------------------|--------------------|-------------------|
| Net assets available for benefits at beginning of period | \$ 1,974,119,375 | 8,384,113 | 1,982,503,488 |
| Investment income: | | | |
| Income from MTIA | 181,965,845 | | 185,051,231 |
| Income from all other investments: | | | |
| Dividends and interest | 12,244,548 | 262,785 | 12,507,333 |
| Net realized/unrealized appreciation in fair market value of investments | 63,122,701 | 1,149,544 | 64,272,245 |
| Total net investment income | 257,333,094 | 1,412,329 | 258,745,423 |
| Contributions: | | | |
| Employees | 81,838,254 | | 81,838,254 |
| Employee rollovers | 1,559,242 | | 1,559,242 |
| Employer | | 36,027,265 | 36,027,265 |
| Total contributions | 83,397,496 | 36,027,265 | 119,424,761 |
| Forfeitures | (426,674) | 426,674 | |
| Allocation of 770,449 shares of common stock of General Mills, Inc. at market | 39,930,696 | | 39,930,696 |
| Total additions | 380,234,612 | 37,866,268 | 418,100,880 |
| Distributions and expenses: | | | |
| Interest expense | | (259,004) | (259,004) |
| Administrative expenses | (1,499,439) | (468,472) | (1,967,911) |
| Distributions to participants/beneficiaries | (160,181,830) | | (160,181,830) |
| Allocation of 770,449 shares of common stock of General Mills, Inc. at market | | (39,930,696) | (39,930,696) |
| Total deductions | (161,681,269) | (40,658,172) | (202,339,441) |
| Net assets available for benefits at end of period | \$ 2,192,672,718 | 5,592,209 | 2,198,264,927 |

See accompanying notes to financial statements.

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GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2007 and 2006

(1) Description of the Plan

The following brief description of the General Mills 401(k) Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Summary Plan Description and the plan document for more complete information.

The Plan is sponsored by General Mills, Inc. (the Company or General Mills) and administered by various committees. The Plan is a defined contribution employee benefit plan designed to offer employees of General Mills the opportunity to participate in a savings and investment program and to provide a source of additional income for retirement. The Plan allows for the withdrawal of certain vested funds during a participant's active career, subject to significant restrictions.

The Plan was amended and restated effective January 1, 2005. Under the Plan, nonhighly compensated employees of General Mills may elect to contribute up to 30% of his or her compensation and highly compensated individuals may elect to contribute up to 15% of his or her compensation (as defined by the Plan) on a before-tax basis. Certain classifications of employees are also permitted to make contributions on an after-tax basis. The total of before-tax and after-tax contributions in no event can be more than 30% of compensation for nonhighly compensated employees and 15% of compensation for highly compensated employees. Additionally, the Plan was amended on September 1, 2002 to allow eligible participants to make catch-up contributions. Company matching contributions are made by allocations of shares of General Mills common stock, which are credited to each employee's account in the employee stock ownership plan (ESOP Fund). The percentage of compensation contributed to the Plan by employees, which is eligible for company matching and the level of company matching contributions varies among employee classifications.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared under the accrual-basis method of accounting in accordance with U.S. generally accepted accounting principles.

(b) Adoption of New Accounting Standard

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109* (FIN 48), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 was effective for fiscal years beginning after December 15, 2006. The Plan's adoption of FIN 48 on January 1, 2007 did not have a material impact on the statement of net assets available for benefits or statement of changes in net assets available for benefits.

As of December 31, 2006, the Plan adopted Financial Accounting Standards Board (FASB) Staff Position FSP AAG INV-1 and Statement of Position No. 94-4-1 (the FSP), *Reporting of Fully*

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GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2007 and 2006

Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans. The FSP requires the Plan to value the holdings of investment contracts at fair value. The FSP requires the statement of net assets available for benefits present the fair value of the Plan's investments as well as the adjustment from fair value to contract value for the fully benefit-responsive investment contracts. The statement of changes in net assets available for benefits is prepared on a contract value basis for the fully benefit-responsive investment contracts.

(c) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for participants and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

(d) *Risks and Uncertainties*

The Plan provides for investment in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

(e) *Concentration of Market Risk*

At December 31, 2007 and 2006, approximately 17% and 18%, respectively, of the Plan's net assets were invested in the common stock of General Mills. The underlying value of General Mills stock is entirely dependent upon the performance of General Mills and the market's evaluation of such performance. It is at least reasonably possible that changes in the fair value of General Mills common stock in the near term could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

(f) *Investments*

The investments of the Plan in the GMI Investment Trust (the Investment Trust) are valued at fair value. Pooled funds consist of master trust investment accounts (MTIA) and funds pooled for the purpose of forming participant investment options. Fair value of the Plan's investments in the pooled funds and in common stock of the Company is based on market values of the underlying securities, as discussed in notes 4 and 5. Short-term investments are stated at cost, which approximates fair value. The MTIA includes investment contracts issued by banks or insurance companies, which are valued at fair value of the underlying assets. Fully benefit-responsive investment contracts are valued at contract value because this is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

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GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2007 and 2006

Security transactions are recognized on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The cost of investment securities sold is determined on the weighted average basis.

The Plan accounts for certain changes in net assets as follows:

Dividends and interest, net realized and unrealized appreciation (depreciation), and administrative expenses of the investment funds are recognized by the Plan only as they are reflected in the Plan's proportionate share of net increases (decreases) in the market value of the underlying pooled funds.

Net realized appreciation (depreciation) is recognized by the Plan upon the sale of investment securities or portions thereof on the basis of average cost to each investment manager's portfolio.

(3) Forfeitures and Vesting

Participants who terminate their employment with the Company forfeit the nonvested portion of the Company's contributions to their accounts. However, if terminated participants are reemployed by the Company within 60 months of termination, such forfeited nonvested portion of the Company's contributions is restored to their plan accounts if the participants repay the amount previously withdrawn from their Company contribution accounts, if any, within 60 months from the date of reemployment. Forfeitures to the Plan can be used to offset future Company contributions, reinstate previously forfeited amounts to reemployed participants, and cover administrative expenses. For the period ending December 31, 2007 and 2006, \$1,076,600 and \$426,674, respectively, was forfeited by participants and used to pay plan fees related to that year or offset Company contributions.

The Company's contributions vest in accordance with the following schedule:

| Employee's eligibility service | Vested percentage |
|---------------------------------------|--------------------------|
| 1 year but less than 2 years | 20% |
| 2 years but less than 3 years | 40 |
| 3 years but less than 4 years | 60 |
| 4 years but less than 5 years | 80 |
| 5 years or more | 100 |

If a participant retires, dies while an active employee, becomes totally and permanently disabled, or if a participant's employment with the Company is involuntarily terminated due to any reason other than illegal activities, gross misconduct, or violation of the Company's Code of Conduct, or if the Plan is terminated by the Company, the participant will become 100% vested regardless of the length of company service.

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Notes to Financial Statements

December 31, 2007 and 2006

(4) Investments

Participants, at their discretion, may invest their accounts in any of the 16 investment options listed below.

| | | |
|--------------------------|-----------------------------|--------------------------|
| U.S. Equity Funds: | International Equity Funds: | Balanced Funds: |
| Diversified U.S. Equity | Diversified International | Moderate Balanced |
| Aggressive Equity | International Developed | Aggressive Balanced |
| | Markets | |
| Growth Equity | International Emerging | Conservative Balanced |
| | Markets | |
| Value Equity | | |
| Small and Mid Cap Equity | Fixed Income Funds: | Self-directed brokerage: |
| S&P 500 Enhanced Index | Fixed Income | Schwab PCRA |
| Company Stock | U.S. Treasury | |

The Company's contributions to the Plan are invested in the ESOP Fund.

The following table presents the fair value of investments in the pooled funds and common stock that represent 5% or more of the Plan's net assets:

| | December 31 | |
|--|--------------------|-------------|
| | 2007 | 2006 |
| General Mills, Inc. common stock participant directed | \$398,867,988 | 397,811,297 |
| General Mills, Inc. common stock nonparticipant directed | 741 | 6,206,225 |
| Net appreciation (depreciation) in the fair value of the Plan's investment not held in MTIAs, including gains and losses on investments bought and sold, as well as held during the years ended December 31, 2007 and December 31, 2006 is as follows: | | |

| | December 31 | |
|--|--------------------|-------------|
| | 2007 | 2006 |
| General Mills, Inc. common stock | \$(3,507,643) | 61,186,859 |
| Registered investment companies | 1,440,809 | 779,665 |
| Directed brokerage fund | 4,404,270 | 2,305,721 |
| Net appreciation in fair value of investments (not including MTIA) | \$ 2,337,436 | 64,272,245 |

The fair values of the nonparticipant-directed portion of the ESOP Fund were \$43,274 and \$4,445,815 as of December 31, 2007 and 2006, respectively. Participants are able to transfer amounts in their ESOP accounts to any of the Plan's other investment funds. Therefore, only the unallocated General Mills common shares are considered to be nonparticipant-directed. Subsequent to the repayment of the ESOP loan in June 2007, the number of unallocated shares is minimal.

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Notes to Financial Statements

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Significant components of the changes in net assets relating to the nonparticipant-directed portion of the ESOP Fund for the year ended December 31, 2007 and December 31, 2006 are as follows:

| | December 31 | |
|---|--------------------|-------------|
| | 2007 | 2006 |
| Changes in nonparticipant-directed funds: | | |
| Net appreciation | \$ 157,126 | 1,149,544 |
| Dividends and interest | 92,895 | 262,785 |
| | | |
| Total net investment income | 250,021 | 1,412,329 |
| | | |
| Interest expense | (64,911) | (259,004) |
| Forfeitures | 1,076,600 | 426,674 |
| Administrative expenses | (707,381) | (468,472) |
| Transfers to participant-directed investments | (4,956,870) | (3,374,243) |
| | | |
| Net change in nonparticipant-directed funds | \$ (4,402,541) | (2,262,716) |

(5) Master Trust Investment Accounts (MTIA)

The pension and savings plans of the Company are invested in the Investment Trust. Mellon Trust is the trustee and custodian of the Investment Trust. Investment managers each manage a portion of the MTIA in the Investment Trust and make investment decisions for the assets of such fund for which they are responsible within specific guidelines established by the General Mills Benefit Finance Committee.

Transactions and assets of each of the MTIA are accounted for utilizing the following accounting policies:

Fund investments are valued as follows:

Fixed-income securities and common and preferred stocks traded on national exchanges are valued by the trustee at closing prices on the valuation date.

Unlisted investments are valued at prices quoted by various national markets and publications and/or independent financial analysts.

Short-term investments are stated at cost, which approximates fair value.

Investment contracts are valued at the fair value of the underlying assets.

Positions in the stock index and bond futures contracts are marked-to-market daily and reflect gains and losses on a daily basis.

Option contracts are valued daily and unrealized appreciation or depreciation is recorded. Dividends, interest income, and administrative expenses are recorded on the accrual basis.

Purchases and sales of securities are recorded on a trade-date basis.

Deposits to and withdrawals from each fund by participating plans are made at fair value determined as of the end of the business day of the transaction.

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GENERAL MILLS 401(k) SAVINGS PLAN

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Net assets, net investment income, and gains and losses of the MTIA are allocated to the pension and savings plans based on each plans' interest in the investment funds of the MTIA. The Plan's interest in all of the investment funds of the MTIA in the Investment Trust as of December 31 are as follows:

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GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2007 and 2006

Disclosures on all investment funds of the MTIA in the Investment Trust and the net investment gain (loss) for the investment funds of the MTIA in the Investment Trust for the year ended December 31, 2007 are as follows:

| Fair value as of December 31, 2007 | | | | | | | | |
|------------------------------------|-------------|-------------|---------------|-------------|---------------|---------------|-------|--------|
| Pooled | Pooled | | | | Pooled | Pooled | | |
| International | Savings | | Numeric | | International | International | RCM | Southe |
| Fund | Fixed Fund | Alliance | Investors | Mellon | Developed | Emerging | Mid | As |
| | | Equity | | Capital | Markets | Markets | & | Manag |
| | | | | | | | Small | |
| | | | | | | | Cap | |
| 5,137,822 | 22,831,534 | 1,609,778 | 200,388,820 | | 513,928 | 3,048,848 | 1,770 | 7 |
| 101,851,005 | | | | | 108,266,800 | | | |
| 3,912,326 | | | | | 4,158,771 | | | |
| 362,978,952 | | 292,716,602 | 191,829,361 | | 385,843,712 | | | 133,0 |
| 117,033,941 | | | | 169,169,782 | 124,406,139 | | | |
| 282,456,649 | | | | | 300,249,149 | | | |
| | 606,954,639 | | | | | | | |
| 157,471,632 | | | | | 41,612,530 | 170,282,359 | | |
| 205,916,543 | | 2,470,815 | | | | 296,335,917 | | |
| (2,394,865) | | | | | (2,545,722) | | | |
| (90,823,199) | | | (192,829,211) | | (96,544,331) | | | |
| 1,143,540,806 | 629,786,173 | 296,797,195 | 199,388,970 | 169,169,782 | 865,960,976 | 469,667,124 | 1,770 | 133,7 |
| 15.1% | 98.1% | 19.9% | 5.0% | 29.3% | 5.9% | 30.5% | | % |

Net investment gain (loss) for the year ended December 31, 2007

Pooled Pooled

| Pooled International Fund | Pooled Savings Fixed Fund | Alliance Equity | Numeric Investors | Mellon Capital | International Developed Markets | International Emerging Markets | RCM Mid & Small Cap | Southeast Asset Managem |
|--|--|----------------------------|------------------------------|---------------------------|--|---|--|--|
| 55,325,329 | | | | | 67,013,641 | | | |
| (12,988,044) | | | | | (15,731,965) | | | |
| 88,119,696 | | 43,674,132 | 9,400,219 | | 106,736,314 | | (19,919) | 777,9 |
| (432,541,435) | 1,105,938 | | | 5,224,500 | (523,922,354) | | | |
| 399,076,227 | | | | | 483,387,115 | | | |
| 242,742,954 | | | | | 230,607,057 | 63,419,016 | | |
| 51,200,665 | | (1,312,762) | | | | 62,017,579 | | |
| (215,980,625) | | | (6,264,834) | | (261,609,798) | | | |
| (73,958) | | | (246,646) | | (89,583) | | | |
| 123,907 | 34,629,424 | 63,310 | 8,759,543 | | 113,118 | 104,523 | | 649,6 |
| | | 2,579,010 | | | | | | 952,5 |
| 175,004,716 | 35,735,362 | 45,003,690 | 11,648,282 | 5,224,500 | 86,503,545 | 125,541,118 | (19,919) | 2,380,1 |
| 15.1% | 98.1% | 19.9% | 5.0% | 29.3% | 5.9% | 30.5% | % | 2 |

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GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2007 and 2006

Disclosures on all investment funds of the MTIA in the Investment Trust and the net investment gain (loss) for the investment funds of the MTIA in the Investment Trust for the year ended December 31, 2007 are as follows:

| | Southeastern Small Cap | Numeric Small Cap | Fair value as of December 31, 2007 | | | | | |
|-------|---------------------------|----------------------|------------------------------------|-------------------------|------------------|------------|------------|------------|
| | | | WAMCO | Delaware Investments | Sands Capital | Timesquare | Mazama | Roxbury |
| 957 | | 49,280,788 | 9,884,343 | 1,843,026 | 4,321,392 | 2,281,376 | 306,655 | 2,226,824 |
| 131 | | | 93,220 | | | | | |
| | | | 44,224,865 | | | | | |
| | | | 119,008,280 | | | | | |
| | | | 853,150 | | | | | |
| 763 | | 49,106,083 | | 156,140,688 | 172,125,129 | 45,260,633 | 45,832,259 | 48,456,279 |
| | 52,861,215 | | | | | | | |
| | | 303,388 | 766,976 | | | | 1,006,815 | |
| 121) | | (48,962,531) | | | | | | |
| 730 | 52,861,215 | 49,727,728 | 174,830,834 | 157,983,714 | 176,446,521 | 47,542,009 | 47,145,729 | 50,683,103 |
| 22.0% | 35.0% | % | 32.4% | 19.4% | 17.9% | 33.9% | 33.0% | 40.8% |

Net investment gain (loss) for the year ended December 31, 2007

| Boston Partners | Southeastern Small Cap | Numeric Small Cap | Delaware | | | | | | Ear |
|--------------------|------------------------------|----------------------|----------|-------------|------------------|------------|--------|---------|-----|
| | | | WAMCO | Investments | Sands Capital | Timesquare | Mazama | Roxbury | |

| | | | | | | | | | | |
|-----------|-----------|-------------|-------------|------------|------------|-----------|-------------|---------|------------|--|
| | | | 1,014,384 | | | | | | | |
| | | | (7,200,961) | | | | | | | |
| | | | 28,150 | | | | | | | |
| 2,703,591 | | | | 21,154,551 | 28,304,321 | 5,446,320 | (3,024,526) | 747,769 | 4,400,000 | |
| | | (3,656,677) | | | | | | | | |
| 5,593 | 3,021,111 | | | | | | | | | |
| | | | (2,010) | | | | | | | |
| 771,595 | | | | | | | | | | |
| | | 4,061,322 | | | | | | | | |
| 2,129 | | (60,824) | (2,268,564) | | | | | | | |
| 385,239 | | 2,007,997 | 9,095,174 | 50,844 | 72,586 | 106,421 | 23,579 | 104,645 | 20,000,000 | |
| 3,797,282 | 388,123 | | 21,242 | 1,241,858 | 719,935 | 535,499 | 165,047 | 146,763 | 81,000,000 | |
| 7,665,429 | 3,409,234 | 2,351,818 | 687,415 | 22,447,253 | 29,096,842 | 6,088,240 | (2,835,900) | 999,177 | 5,420,000 | |
| 22.0% | 35.0% | % | 32.4% | 19.4% | 17.9% | 33.9% | 33.0% | 40.8% | | |

(Continued)

Table of Contents**GENERAL MILLS 401(k) SAVINGS PLAN**

Notes to Financial Statements

December 31, 2007 and 2006

Disclosures on all investment funds of the MTIA in the Investment Trust and the net investment gain (loss) for the investment funds of the MTIA in the Investment Trust for the year ended December 31, 2006 are as follows:

| Fair value as of December 31, 2006 | | | | | | | | |
|---|-------------------|-----------------|-------------------|------------------|----------------|------------------|-----------------|----------------------------|
| | Pooled | | | | | Pooled | Pooled | |
| | Savings | Alliance | Reich | Numeric | Mellon | Developed | Emerging | RCM |
| | Fixed Fund | Equity | & Tang | Investors | Capital | Markets | Markets | Mid & Small Cap |
| 051 | 6,865,331 | 2,265,264 | 5,651,410 | 196,597,826 | | 2,753,536 | 1,853,137 | 21,209 |
| 641 | | | | | | 97,161,304 | | |
| | | | 931 | | | | | |
| | | | | | | 3,525,422 | | |
| 583 | | 331,662,262 | 97,468,831 | 180,411,470 | | 313,331,387 | | |
| 971 | 35,424,871 | | | | 133,945,282 | 108,423,456 | 122,232,578 | |
| 601 | | | | | | 249,252,537 | 212,953,404 | |
| | 556,968,542 | | | | | | | |
| 912 | | | | | | 46,607,959 | | |
| 116 | | | | | | | | |
| | | | | | | (124,639) | | |
| 312) | | | | (179,639,920) | | (85,974,657) | | |
| 563 | 599,258,744 | 333,927,526 | 103,121,172 | 197,369,376 | 133,945,282 | 734,956,305 | 337,039,119 | 21,209 |
| 5.6% | 98.1% | 16.6% | % | 4.8% | 24.2% | 6.0% | 29.2% | % |

Net investment gain (loss) for the year ended December 31, 2006

| | Pooled | | | | | Pooled | Pooled | |
|--|---------------|--|--|--|--|----------------------|----------------------|--|
| | | | | | | International | International | |

| | Savings | Alliance | Reich | Numeric | Mellon | Developed | Emerging | RCM |
|------|-------------------|-----------------|-------------------|------------------|----------------|------------------|-----------------|----------------------------|
| | Fixed Fund | Equity | & Tang | Investors | Capital | Markets | Markets | Mid & Small Cap |
| 188 | | | | | | 10,155,895 | | |
| 443 | | | | | | 1,403,570 | | |
| 247 | | 1,308,199 | 29,212,122 | 23,971,757 | | 83,457,551 | | 15,883 |
| 931 | 1,638,446 | | | | 18,383,159 | 23,828,518 | 6,621,334 | |
| 477 | | | | | | 28,399,492 | | |
| 326 | | | | | | 1,120,893 | 35,864,500 | |
| 528 | | | | | | | 37,078,134 | |
| 110) | | | | (12,164,919) | | (10,985,098) | | |
| 656 | | 42 | | 17,828,961 | | 3,644,154 | | |
| 778 | 31,492,756 | 105,115 | 223,906 | 7,772,615 | | 142,844 | 69,837 | 438 |
| | | 2,306,240 | 1,588,469 | | | | | |
| 564 | 33,131,202 | 3,719,596 | 31,024,497 | 37,408,414 | 18,383,159 | 141,167,819 | 79,633,805 | 16,321 |
| 5.6% | 98.1% | 16.6% | % | 4.8% | 24.2% | 6.0% | 29.2% | % |
| | | | | | | | (Continued) | |

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Notes to Financial Statements

December 31, 2007 and 2006

Disclosures on all investment funds of the MTIA in the Investment Trust and the net investment gain (loss) for the investment funds of the MTIA in the Investment Trust for the year ended December 31, 2006 are as follows:

Fair value as of December 31, 2006

| SIT | Boston Partners | Southeastern Small Cap | Numeric Small Cap | WAMCO | Delaware Investments | Sands Capital | Time square Capital | Mazama |
|------------|------------------------|-------------------------------|--------------------------|--------------|-----------------------------|----------------------|----------------------------|---------------|
| 496,556 | 6,649,829 | | 50,407,648 | 21,598,604 | 1,319,910 | 760,010 | 1,814,953 | 512,3 |
| | | | | 4,895 | | | 475 | |
| | | | | 29,532,915 | | | | |
| | | | | 109,931,112 | 159,884,500 | | | |
| 755,871 | 212,847,506 | | 49,055,692 | | | 146,950,110 | 49,924,728 | 49,811,2 |
| | 164,432 | 64,451,981 | | | | | | |
| | | | 159,392 | 1,245,324 | | | | |
| | (1,180,260) | | | | | | | |
| | | | (49,082,757) | | | | | |
| 252,427 | 218,481,507 | 64,451,981 | 50,539,975 | 162,312,850 | 161,204,410 | 147,710,120 | 51,740,156 | 50,323,5 |
| % | 20.3% | 36.5% | % | 23.9% | 18.0% | 19.1% | 26.6% | 2 |

Net investment gain (loss) for the year ended December 31, 2006

| SIT | Boston Partners | Southeastern Small Cap | Numeric Small Cap | WAMCO | Delaware Investments | Sands Capital | Time square Capital | Mazama |
|------------|------------------------|-------------------------------|--------------------------|--------------|-----------------------------|----------------------|----------------------------|---------------|
|------------|------------------------|-------------------------------|--------------------------|--------------|-----------------------------|----------------------|----------------------------|---------------|

| | | | | | | | | | | |
|---|-----------|-------------|------------|-----------|-------------|-----------|-------------|-------------|-----------|-----------|
| | | | | | | 34,263 | | | | |
| | | (221,680) | | | | 347,293 | | | | |
| | | (1,376,346) | | | | 10,855 | | | | |
| 3 | 4,712,066 | 30,663,135 | | | | | 3,268,231 | (8,119,822) | 6,441,716 | 2,875,698 |
| | | | | | 7,817,129 | | | | | |
| | | 30,874 | 15,741,119 | | | | | | | |
| | | | | | | 104,905 | | | | |
| | | 1,057,035 | | | | | | | | |
| | | | | | (6,192,653) | | | | | |
| 6 | 142,408 | 355,623 | 190 | 4,905,683 | 12,624,194 | | | | | |
| 0 | 338,238 | 3,790,122 | 1,170,466 | 1,820,846 | 7,417,797 | 51,009 | 71,510 | 93,354 | 25,344 | |
| | | | | | | 988,956 | 333,156 | 454,637 | 138,999 | |
| 9 | 5,192,712 | 34,298,953 | 16,911,585 | 8,351,005 | 20,539,307 | 4,308,196 | (7,715,156) | 6,989,707 | 3,040,041 | |
| % | % | 20.3% | 36.5% | % | 23.9% | 18.0% | 19.1% | 26.6% | 27.1% | |

(Continued)

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GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2007 and 2006

(a) *Futures Transactions and Foreign Exchange Contracts*

In order to gain exposure to or attempt to protect itself from changes in the market, the Investment Trust may buy and sell stock index futures contracts. Risks of entering into futures contracts, in general, include the possibility there may be an illiquid market and that a change in the value of the contract may not correlate with changes in the value of the underlying securities. Upon entering into a futures contract, the Investment Trust is required to deposit as collateral either cash or securities in an amount (initial margin) equal to a certain percentage of the contract value. Subsequent payments (variation margin) are made or received by the Investment Trust each day. The variation margin payments are equal to the daily changes in the contract value and are recorded as gains and losses.

Certain assets managed by Mellon Transition have a variation margin payable at December 31, 2007 and 2006 totaling \$(74,700) and \$(483,025), respectively. Investments managed by Mellon Transition, which are held by brokers as collateral on contracts, totaled \$648,000 and \$6,463,600 at December 31, 2007 and 2006, respectively. The assets are adjusted to fair value and gains and losses are recorded on a daily basis.

Certain assets managed by Numeric Investors have a variation margin receivable (payable) at December 31, 2007 and 2006 totaling \$124,661 and \$1,925,598, respectively. Investments managed by Numeric Investors that are held by brokers as collateral on contracts totaled \$17,351,000 and \$13,542,860 at December 31, 2007 and 2006, respectively. The assets are adjusted to fair value and gains and losses are recorded on a daily basis.

Certain assets managed by Western Asset Management Company have a variation margin payable at December 31, 2007 and 2006 totaling \$(935,319) and \$(548,299), respectively. Investments managed by Western Asset Management Company that are held by brokers as collateral on contracts totaled \$9,400,000 and \$7,586,000 at December 31, 2007 and 2006, respectively. The assets are adjusted to fair value and gains and losses are recorded on a daily basis.

The Pooled International Developed Markets Fund contains foreign exchange contracts. The net valuation, in U.S. dollars, of the contracts totaled \$(258,062) and \$507,456 at December 31, 2007 and 2006, respectively. The position of the contracts is valued, and gains and losses are recorded, on a daily basis.

(b) *Options Transactions*

In order to produce incremental earnings, attempt to protect gains, and facilitate buying and selling of securities for investment purposes, the Investment Trust may buy and sell put and call options, write covered call options on portfolio securities, and write cash-secured puts. The risk in writing a call option is that the fund gives up the opportunity for profit if the market price of the security increases. In writing a put option, the fund may incur a loss if the market price of the security decreases and the option is exercised. In buying an option, the fund pays a premium whether or not the option is exercised. The Investment Trust also has the additional risk of not being able to enter into a closing transaction if a liquid secondary market does not exist. The Investment Trust also may write over-the-counter options where the completion of the obligations is dependent upon the credit standing of the other party.

Table of Contents**GENERAL MILLS 401(k) SAVINGS PLAN**

Notes to Financial Statements

December 31, 2007 and 2006

Boston Partners Fund had 4,627 option contracts outstanding with market values of \$(1,644,121) and \$(1,180,260) with a cost of \$2,324,305 and \$1,088,849 on December 31, 2007 and 2006, respectively.

(c) Investment Contracts with Insurance Companies

The Master Trust contains investment contracts with AIG, Bank of America, and Monumental Life. These insurance companies maintain the contributions in separate pooled accounts. The accounts are credited with earnings on the underlying investments and charged for plan withdrawals and administrative expenses charged by the insurance companies. The contracts are included in the financial statements at contract value (which represents contributions made under the contract, plus earnings, less withdrawals, and administrative expenses), because it is fully benefit responsive. For example, participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the investment contracts at December 31, 2007 and 2006 was \$606,954,639 and \$556,968,442 respectively. The crediting interest rate is based on an agreed-upon formula with the issuer and is reset quarterly. The crediting interest rate at December 31, 2007 and 2006 was 5.85% and 6.14%, respectively. The average yield at December 31, 2007 and 2006 was 6.43% and 6.01%, respectively.

(6) Company Stock Fund

The Company Stock Fund consists of common stock of General Mills and cash for dividends and fractional shares. At December 31, 2007 and 2006, the market value of the shares held was \$102,737,761 and \$106,368,818, respectively and the number of shares held was 1,802,417 and 1,846,681, respectively. At December 31, 2007 and 2006, the value of the cash held was \$2,004,318 and \$274,957, respectively. Participants should refer to the consolidated financial statements of General Mills and subsidiaries included in the Company's Annual Report to Stockholders, which is distributed to all participants in the Plan.

(7) ESOP Fund

The ESOP Fund consists of common stock of General Mills and cash for dividends and fractional shares. All amounts credited to participants' ESOP accounts will be invested in the ESOP Fund. Participants may then elect to transfer balances from the ESOP Fund to any of the Plan's other investment funds (note 4). However, no amounts may be transferred from any of the other investment funds into the ESOP Fund.

The ESOP Fund is presented in the following table:

| | December 31, 2007 | | December 31, 2006 | |
|------------------------------|-------------------|-------------|-------------------|-------------|
| | Allocated | Unallocated | Allocated | Unallocated |
| General Mills common shares: | | | | |
| Number of shares | 5,195,267 | 13 | 5,059,765 | 107,753 |
| Cost | \$148,598,668 | 750 | 122,795,399 | 1,335,898 |
| Market | 296,130,227 | 741 | 291,442,479 | 6,206,225 |

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GENERAL MILLS 401(k) SAVINGS PLAN

Notes to Financial Statements

December 31, 2007 and 2006

In June 1989, the Plan borrowed \$92.4 million in a private loan transaction and purchased shares of the Company's common stock. The 8.24% loan provided for quarterly payments through June 30, 2007 and was guaranteed by the Company. The loan was repaid using Company contributions and dividends paid on Company stock owned by the Investment Trust.

(8) Tax Status

The Plan obtained its latest determination letter on March 28, 2003 in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code (the Code). The Plan has been amended since receiving the determination letter. However, the plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, they believe that the Plan was qualified and the related trust was tax exempt as of the financial statement date.

(9) Parties in Interest

Mellon Trust is a party in interest under the Pension Reform Act with respect to the Plan. Investments held by Mellon Trust are exempt from being considered as prohibited transactions under the Employee Retirement Income Security Act of 1974 (ERISA) Section 408(b).

Hewitt Associates is a party in interest with respect to the Plan and is the Record-keeper of the Plan, and Charles Schwab acts as the Broker for the self-directed brokerage account (Schwab Personal Choice Retirement Account). On April 1, 2006, Hewitt Associates and Charles Schwab replaced Fidelity Investments, which served as both Record-keeper and Broker prior to that date. In the opinion of the Plan's management, transactions between the Plan and the Record-keeper are exempt from being considered as prohibited transactions under ERISA Section 408(b).

The Company is a party in interest with respect to the Plan. The Company is the administrator of the Plan and the ESOP Fund. The Plan invests in common stock of the Company. In addition, the Plan reimburses the Company for services provided, such as wages and travel expenses, associated with the Plan. The cost of services provided for the year ended December 31, 2007 and 2006 was \$213,141 and \$355,847, respectively. The Company believes these activities are exempt when considering prohibited transactions under ERISA Section 408(b).

Table of Contents**GENERAL MILLS 401(k) SAVINGS PLAN**

Notes to Financial Statements

December 31, 2007 and 2006

(10) Reconciliation of Financial Statements to Form 5500

| | December 31 | |
|---|--------------------|---------------|
| | 2007 | 2006 |
| Net assets available for benefits as presented in these financial statements | \$ 2,337,329,689 | 2,198,264,927 |
| Adjustments from contract value to fair value for fully benefit-responsive investment contracts | (9,082,709) | 5,115,012 |
| Net assets available for benefits per the Form 5500 | \$ 2,328,246,980 | 2,203,379,939 |

| | December 31 | |
|--|--------------------|-------------|
| | 2007 | 2006 |
| Net increase in net assets available for benefits per the financial statements | 139,064,762 | 215,761,439 |
| Adjustment from contract value to fair value for fully benefit-responsive investment contracts | (14,197,721) | 5,115,012 |
| Net increase in net assets available for benefits per the Form 5500 | 124,867,041 | 220,876,451 |

Table of Contents**Schedule I**

GENERAL MILLS 401(k) SAVINGS PLAN
 Schedule H, Line 4i Schedule of Assets (Held at End of Year)
 December 31, 2007

| Issuer | Face amount or number of units | Cost | Current value |
|---|---|----------------|--------------------------|
| Common stock: | | | |
| General Mills, Inc.*: | | | |
| Participant-directed | 6,997,684 | \$ 227,825,074 | 398,867,988 |
| Nonparticipant-directed | 13 | 750 | 741 |
| Unallocated insurance contracts: | | | |
| Monumental Life Insurance | 15,030,054 | | 15,030,054 |
| Short-term investment fund: | | | |
| TBC, Inc. Pooled Employee Funds | | | |
| Daily Liquidity Fund* | 24,394,954 | | 24,394,954 |
| Participant loan fund* (interest rates ranging from 6.25% to 8.0%) | 30,860,655 | | 30,860,655 |
| Directed brokerage fund** | | | 66,656,401 |
| Registered investment companies | 33,711 | | 5,066,763 |
| Master Trust Investment Accounts (MTIA) | 1,788,092,611 | | 1,788,092,611 |
| Total investments | | | \$ 2,328,970,167 |

* Party in interest.

** Participant-directed investment.

See accompanying report of independent registered public accounting firm.

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Schedule II

GENERAL MILLS 401(k) SAVINGS PLAN
 Schedule H, Line 4j Schedule of Reportable Transactions
 Year ended December 31, 2007

5% series of transactions by security issue (iii):

| Issuer/description | Purchase price | Selling price | Cost of asset | Current value | Net gain (loss) |
|--|-----------------------|----------------------|----------------------|----------------------|------------------------|
| Short-term investment fund: TBC, Inc. Pooled Employee Funds - Daily Liquidity Fund | \$67,006,451 | | 67,006,451 | 67,006,451 | |
| TBC, Inc. Pooled Employee Funds - Daily Liquidity Fund | | 65,973,953 | 65,973,953 | | |
| See accompanying report of independent registered public accounting firm. | | | | | |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the General Mills, Inc. Benefit Finance Committee has duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

GENERAL MILLS 401(k) SAVINGS PLAN

By /s/ Daralyn K. Peifer
Daralyn K. Peifer, Executive Secretary of
the
General Mills, Inc. Benefit Finance
Committee

Date: June 30, 2008

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EXHIBIT INDEX

| Exhibit Number | Description |
|---------------------------|----------------------|
| 23 | Consent of KPMG LLP. |