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## General Mills, Inc. F4Q09 (Qtr End 05/31/09) Earnings Call Transcript

### Question-and-Answer Session

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#### **Judy Hong – Goldman Sachs**

Can you talk about the increased competition that you're seeing in some of your key categories like cereal and yogurt and how you're thinking about the merchandising dollars, is there a need to really take that up as you're seeing increased competition in those categories.

#### **Ian Friendly**

Yes, we're certainly seeing in some of our key categories increased levels of merchandising. We've seen that a little bit from one competitor in cereal. We've seen it in yogurt. And I guess we expect it in soup. That being said, our competitors are normally a very rational set of competitors who are trying to grow the category and so far we don't think its changed really the nature of our game.

We're competitive enough in that area and our level of innovation and our consumer brand support is really what we think will fuel base line growth which ultimately will be the tail of the tape but we'll make sure that we're appropriately competitive in the merchandising arena and while I've seen a little bit early in the year that I think hotter then I would normally like to see, I wouldn't find any of it alarming.

#### **Unspecified Analyst**

So just to follow-up on that, have you changed your merchandising plans for the year in any way or are those pretty steady with what you expected in relation to that answer.

#### **Ian Friendly**

Yes, our merchandising plans for next year are pretty similar levels of expenditures for this year and so there are always adjustments to be made on how to do it better, but in gross terms we see it pretty similar.

#### **Unspecified Analyst**

If I could ask a question on HMM that encompasses a lot of things, cost savings and mix and one element of that is managing your mix well in the business, I'm just curious in a difficult economic environment as you look at 2010, do you expect mix to be positive in the year. The new products seem to be enhancing mix, any other general comments about the business mix across your portfolio.

#### **Ian Friendly**

Yes, I think mix has generally been very good and one of the things we just always have to remember is cereal is a category that absolutely thrives, well in good times and in bad, but it particularly thrives in more difficult economic times and cereal is the best mix play that General Mills can have. And so when cereal is growing at the rate its growing, it generally is very positive to us.

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