HORMEL FOODS CORP /DE/
Form 11-K
April 23, 2010
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 11-K

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

For the fiscal year ended October 25, 2009

OR

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

For the transition period from to

Commission file number 1-2402

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

Hormel Foods Corporation Tax Deferred Investment Plan A

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

Hormel Foods Corporation

1 Hormel Place

Austin, MN 55912

507-437-5611

Table of Contents

Hormel Foods Corporation
Tax Deferred Investment Plan A

Audited Financial Statements and Schedule

Years Ended October 25, 2009 and 2008

Contents

Table of Contents

Report of Independent Registered Public Accounting Firm

The Employee Benefits Committee

Hormel Foods Corporation
Tax Deferred Investment Plan A

We have audited the accompanying statements of net assets available for benefits of the Hormel Foods Corporation Tax Deferred Investment Plan A (the Plan) as of October 25, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended. 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 (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 Plan at October 25, 2009 and 2008, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of October 25, 2009, is presented for the purpose of additional analysis and is not a required part of the financial statements but is 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. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
April 23, 2010

Table of Contents

Hormel Foods Corporation
Tax Deferred Investment Plan A

Statements of Net Assets Available for Benefits

	October 25, 2009	October 25, 2008
Assets		
Investments, at fair value	**$ 355,273,423**	$ 270,194,962
Contributions receivable from Hormel Foods Corporation	**15,208**	151,121
Contributions receivable from participants	**322,430**	397,704
Net assets available for benefits, at fair value	**355,611,061**	270,743,787
Adjustment from fair value to contract value for interest in fully benefit-responsive investment contracts	**(4,299,955)**	1,584,728
Net assets available for benefits	**$ 351,311,106**	$ 272,328,515

See accompanying notes.

Table of Contents

Hormel Foods Corporation
Tax Deferred Investment Plan A

Statements of Changes in Net Assets Available for Benefits

	Year Ended October 25	
	2009	**2008**
Additions:		
Contributions from Hormel Foods Corporation	**$ 3,435,860**	$ 3,350,947
Contributions from participants	**23,609,128**	23,992,417
Employee rollover	**495,203**	2,947,225
Interest and dividend income	**5,196,380**	5,244,343
Assets transferred to the Plan		1,382,403
Total additions	**32,736,571**	36,917,335
Deductions:		
Distributions	**10,981,088**	15,149,337
Administrative expenses	**180,101**	112,697
Total deductions	**11,161,189**	15,262,034
Net realized and unrealized appreciation (depreciation) in fair value of investments	**57,407,209**	(108,593,394)
Net additions (deductions)	**78,982,591**	(86,938,093)
Net assets available for benefits at beginning of year	**272,328,515**	359,266,608
Net assets available for benefits at end of year	**$ 351,311,106**	$ 272,328,515

See accompanying notes.

Table of Contents

Hormel Foods Corporation
Tax Deferred Investment Plan A

Notes to Financial Statements

October 25, 2009

1. Significant Accounting Policies

The accounting records of the Hormel Foods Corporation (the Company or the Sponsor) Tax Deferred Investment Plan A (the Plan) are maintained on the accrual basis.

Investments held by the Plan are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The company adopted the required provisions of the FASB Fair Value Measurement Standard (primarily codified in ASC Topic 820) at the beginning of the Plan year, resulting in no impact to the Plan s financial statements. See Note 3 for further discussion of fair value measurements.

All costs and expenses incurred in connection with the operation of the Plan with regard to the purchase and sale of investments and certain professional fees are paid by the Plan.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Certain prior-year amounts in the statement of net assets available for benefits and statement of changes in net assets available for benefits have been reclassified to conform to the current-year presentation.

In May 2009, the FASB issued ASC Topic 855 (ASC 855, originally issued as SAS No. 165, *Subsequent Events*), as amended by Accounting Standards Update (ASU) 2010-09, which sets forth general standards of accounting for and disclosure of events that occur after the statement of net assets date but before financial statements are issued or are available to be issued. The Plan adopted the amended guidance of ASC 855 during 2009. The updated accounting guidance incorporated into ASC Topic 855 requires the disclosure of the date through which the Plan has evaluated its subsequent events and the basis for that date. The Plan has evaluated its subsequent events through April 23, 2010, the date the financial statements are available to be issued.

Table of Contents

Hormel Foods Corporation
Tax Deferred Investment Plan A

Notes to Financial Statements (continued)

2. Description of the Plan

The following description of the Plan provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan s provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Effective October 26, 2008, the Plan s year-end was changed to the last Sunday of October, from the last Saturday in October.

The Plan is a contributory defined-contribution plan covering employees of the Company and certain eligible subsidiaries who have completed six months of eligibility service and worked at least 500 hours during those six months.

Employees who have not made a retirement savings election shall be deemed to have automatically elected to participate in the Plan at the automatic enrollment percentage (currently 3%). Participants who make a retirement savings election can authorize a deduction of 1% to 50% of their compensation for each pay period. The Plan contains a diversified selection of funds intended to satisfy Section 404(c) of ERISA. Participants also may invest in self-directed brokerage accounts. The Company contributes a matching contribution, currently 50% of the participant s contribution, not to exceed $900 per year for the plan years ended October 25, 2009 and 2008, respectively.

Each participant s account is credited with the participant s and the Company s contributions and plan earnings and is charged with an allocation of administrative expenses if the employer does not pay those expenses from its own assets. Allocations are based on account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant s account.

Employee contributions are always 100% vested in the participants plan accounts. Employer contributions are 100% vested except for Dan s Prize Inc., which is more fully discussed below. Forfeitures used to reduce employer contributions for Dan s Prize Inc. for the years ended October 25, 2009 and 2008, were $6,812 and $27,444, respectively. Cumulative forfeited nonvested accounts as of October 25, 2009 and 2008, were $7,659 and $3,046, respectively.

Most benefits are paid upon termination of service in a lump-sum amount equal to the vested value of a participant s account, unless an eligible participant elects to defer the payment. Complete details of payment provisions are described in a Summary Plan Description, available from the Sponsor.

Table of Contents

Hormel Foods Corporation
Tax Deferred Investment Plan A

Notes to Financial Statements (continued)

2. Description of the Plan (continued)

Participants may borrow from their fund accounts a minimum of $500 up to a maximum of the lesser of $50,000 or 50% of their account balances. Loan terms range from one year to five years or up to 15 years for the purchase of a primary residence. The loans are secured by the balance in a participant s account. Principal and interest are paid ratably through payroll deductions.

On October 8, 2007, the Hormel Foods Corporation Employee Benefits Committee resolved to merge the participants and assets of the Dan s Prize Inc. Employee Retirement Plan into the Hormel Foods Corporation Tax Deferred Investment Plan A and the Hormel Foods Corporation Tax Deferred Investment Plan B. The Dan s Prize Inc. exempt and nonexempt office employees are eligible participants in Plan A. Accordingly, those assets and participants were merged into the Plan based on their eligibility as of October 27, 2007. The assets transferred on or before October 27, 2007, continue to vest according to the established five-year cliff vesting schedule contained within the Dan s Prize Inc. Employee Retirement Plan. Future employer profit-sharing contributions after October 26, 2007, from Dan s Prize Inc. to Plan A shall employ a three-year cliff vesting schedule.

On August 7, 2007, the Hormel Foods Corporation Employee Benefits Committee resolved the participants of the Burke Marketing Corporation 401(k) plan were eligible to participate in the Plan in September 2007. Employment service with Burke Marketing Corporation counted toward vesting and eligibility in the Plan.

On October 24, 2007, the Hormel Foods Corporation Employee Benefits Committee resolved to merge the participants and assets of the Mexican Accent, LLC Savings and Retirement Plan into the Plan. The assets totaling $1,382,404 were transferred into the Plan prior to December 31, 2007, and participants were merged into the Plan based on their eligibility as of January 1, 2008. The assets transferred into the Plan became 100% vested in accordance with the vesting schedule of the Plan.

The employer may, at its sole discretion, discontinue contributions or terminate the Plan at any time subject to the provisions of ERISA. Upon the Plan s termination, all amounts credited to participants would become fully vested, and the assets of the Plan would be distributed to participants based on amounts previously credited to their respective accounts.

Table of Contents

Hormel Foods Corporation
Tax Deferred Investment Plan A

Notes to Financial Statements (continued)

3. Investments and Fair Value Measurement

During the years ended October 25, 2009 and 2008, the Plan s investments (including investments bought and sold, as well as held during the year) appreciated or (depreciated) in fair value by $57,407,209 and $(108,593,394), respectively, as follows:

	2009	2008
Net appreciation (depreciation) in fair value during the year:		
Nonpooled separate account (containing company stock)	**$ 10,300,806**	$ (10,125,308)
Separate trust accounts	**4,348,551**	(9,432,225)
Pooled separate accounts	**40,260,921**	(82,721,620)
Equity securities (self-directed brokerage accounts)	**633,926**	(498,275)
Mutual funds (self-directed brokerage accounts)	**1,852,317**	(5,815,096)
Other (self-directed brokerage accounts)	**10,688**	(870)
	$ 57,407,209	$ (108,593,394)

The Plan, at the discretion of the participants, is authorized to invest up to 100% of the fair value of its net assets available for benefits in the common stock of the Company. Such investment totaled approximately 14% and 14% of total investments at October 25, 2009 and 2008, respectively.

Table of Contents

Hormel Foods Corporation
Tax Deferred Investment Plan A

Notes to Financial Statements (continued)

3. Investments and Fair Value Measurement (continued)

The fair value of individual investments that represent 5% or more of the Plan s net assets is as follows:

	October 25, 2009	October 25, 2008
Nonpooled separate account:		
State Street Hormel Stock:		
Hormel Foods Corporation common stock	**$ 47,264,293**	$ 36,198,179
State Street Money Market Fund	**875,659**	891,394
Total nonpooled separate account	**48,139,952**	37,089,573
Pooled separate accounts:		
Massachusetts Mutual Life Insurance Company:		
Aggressive Growth Option	**40,976,012**	30,304,327
Moderate Growth Option	**33,375,852**	25,408,966
American Funds EuroPacific Growth Fund		