HORMEL FOODS CORP /DE/
Form 10-Q
June 04, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 25, 2010

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 1-2402

HORMEL FOODS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**41-0319970**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1 Hormel Place	
Austin, Minnesota	**55912-3680**
(Address of principal executive offices)	(Zip Code)

(507) 437-5611

(Registrant s telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x YES o NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). o YES o NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class		Outstanding at May 30, 2010
Common Stock	$.0586 par value	133,240,441
Common Stock Non-Voting	$.01 par value	-0-

Table of Contents

TABLE OF CONTENTS

Table of Contents

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

HORMEL FOODS CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands of Dollars)

	April 25, 2010 (Unaudited)	October 25, 2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 355,181	$ 385,252
Short-term marketable securities	50,023	0
Accounts receivable	356,524	372,292
Inventories	767,191	722,371
Income taxes receivable	7,217	0
Deferred income taxes	69,176	66,435
Prepaid expenses	11,911	9,130
Other current assets	19,167	19,253
TOTAL CURRENT ASSETS	1,636,390	1,574,733
DEFERRED INCOME TAXES	110,864	122,007
GOODWILL	628,764	620,155
OTHER INTANGIBLES	146,845	140,854
PENSION ASSETS	30,477	29,663
INVESTMENTS IN AND RECEIVABLES FROM AFFILIATES	130,869	86,599
OTHER ASSETS	165,570	165,331
PROPERTY, PLANT AND EQUIPMENT		
Land	53,063	52,952
Buildings	730,233	723,553
Equipment	1,318,830	1,317,845
Construction in progress	62,348	41,722
	2,164,474	2,136,072
Less allowance for depreciation	(1,230,119)	(1,183,359)
	934,355	952,713
TOTAL ASSETS	$ 3,784,134	$ 3,692,055

See Notes to Consolidated Financial Statements

Table of Contents

HORMEL FOODS CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In Thousands of Dollars)

	April 25, 2010 (Unaudited)	October 25, 2009
LIABILITIES AND SHAREHOLDERS INVESTMENT		
CURRENT LIABILITIES		
Accounts payable	$ 281,054	$ 313,258
Accrued expenses	38,135	40,289
Accrued workers compensation	31,970	29,421
Accrued marketing expenses	90,477	70,452
Employee related expenses	166,406	181,531
Taxes payable	8,153	15,127
Interest and dividends payable	34,832	34,951
TOTAL CURRENT LIABILITIES	651,027	685,029
LONG-TERM DEBT less current maturities	350,000	350,000
PENSION AND POST-RETIREMENT BENEFITS	430,002	429,800
OTHER LONG-TERM LIABILITIES	87,252	102,905
SHAREHOLDERS INVESTMENT		
Preferred stock, par value $.01 a share authorized 80,000,000 shares; issued none		
Common stock, non-voting, par value $.01 a share authorized 200,000,000 shares; issued none		
Common stock, par value $.0586 a share authorized 400,000,000 shares; issued 133,534,612 shares April 25, 2010 issued 133,593,719 shares October 25, 2009	7,825	7,828
Accumulated other comprehensive loss	(192,667)	(203,610)
Retained earnings	2,447,247	2,318,390
HORMEL FOODS CORPORATION SHAREHOLDERS INVESTMENT	2,262,405	2,122,608
NONCONTROLLING INTEREST	3,448	1,713
TOTAL SHAREHOLDERS INVESTMENT	2,265,853	2,124,321
TOTAL LIABILITIES AND SHAREHOLDERS INVESTMENT	$ 3,784,134	$ 3,692,055

See Notes to Consolidated Financial Statements

Table of Contents

HORMEL FOODS CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, Except Per Share Amounts)

(Unaudited)

	Three Months Ended		Six Months Ended	
	April 25, 2010	April 26, 2009	April 25, 2010	April 26, 2009
Net sales	$ 1,699,782	$ 1,595,043	$ 3,427,229	$ 3,284,129
Cost of products sold	1,419,315	1,333,005	2,828,375	2,749,776
GROSS PROFIT	280,467	262,038	598,854	534,353
Selling, general and administrative	146,782	139,846	292,314	282,371
Equity in earnings of affiliates	3,952	1,485	6,773	2,183
OPERATING INCOME	137,637	123,677	313,313	254,165
Other income and expense:				
Interest and investment income	1,423	8,584	1,866	10,975
Interest expense	(6,574)	(6,918)	(13,135)	(14,373)
EARNINGS BEFORE INCOME TAXES	132,486	125,343	302,044	250,767
Provision for income taxes	53,951	44,243	111,240	87,490
NET EARNINGS	78,535	81,100	190,804	163,277
Less: Net earnings attributable to noncontrolling interest	673	715	1,735	1,509
NET EARNINGS ATTRIBUTABLE TO HORMEL FOODS CORPORATION	$ 77,862	$ 80,385	$ 189,069	$ 161,768
NET EARNINGS PER SHARE:				
BASIC	$ 0.58	$ 0.60	$ 1.42	$ 1.20
DILUTED	$ 0.57	$ 0.59	$ 1.40	$ 1.20
WEIGHTED-AVERAGE SHARES OUTSTANDING:				
BASIC	133,593	134,272	133,591	134,325
DILUTED	135,579	135,373	135,470	135,268
DIVIDENDS DECLARED PER SHARE:	$ 0.21	$ 0.19	$ 0.42	$ 0.38

See Notes to Consolidated Financial Statements

Table of Contents

HORMEL FOODS CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS INVESTMENT

(In Thousands, Except Per Share Amounts)

(Unaudited)

	Hormel Foods Corporation Shareholders						
	Common Stock	**Treasury Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Non-controlling Interest**	**Total Shareholders Investment**
Balance at October 26, 2008	$ 7,883	$ 0	$ 0	$ 2,112,873	$ (114,016)	$ 6,535	$ 2,013,275
Comprehensive income							
Net earnings				342,813		3,165	345,978
Foreign currency translation					(862)	12	(850)
Deferred hedging, net of reclassification adjustment					27,763		27,763
Pension and other benefits					(117,954)		(117,954)
Comprehensive income						3,177	254,937
ASC 715 measurement date adjustment (net of $912 tax effect)				(11,793)	1,459		(10,334)
Purchases of common stock		(38,147)					(38,147)
Stock-based compensation expense			12,054				12,054
Exercise of stock options/nonvested shares	13	(15)	2,553				2,551
Shares retired	(68)	38,162	(14,607)	(23,487)			0
Distribution to noncontrolling interest						(7,999)	(7,999)
Cash dividends - $.76 per share				(102,016)			(102,016)
Balance at October 25, 2009	$ 7,828	$ 0	$ 0	$ 2,318,390	$ (203,610)	$ 1,713	$ 2,124,321
Comprehensive income							
Net earnings				189,069		1,735	190,804
Foreign currency translation					2,822	0	2,822
Deferred hedging, net of reclassification adjustment					1,561		1,561
Pension and other benefits					6,560		6,560
Comprehensive income						1,735	201,747
Purchases of common stock		(29,826)					(29,826)
Stock-based compensation expense			9,186				9,186
Exercise of stock options/nonvested shares	41	(220)	13,885				13,706
Shares retired	(44)	30,046	(23,071)	(6,931)			0
Cash dividends - $.42 per share				(53,281)			(53,281)
Balance at April 25, 2010	**$ 7,825**	**$ 0**	**$ 0**	**$ 2,447,247**	**$ (192,667)**	**$ 3,448**	**$ 2,265,853**

See Notes to Consolidated Financial Statements

Table of Contents

HORMEL FOODS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of Dollars)

(Unaudited)

	Six Months Ended	
	April 25, 2010	**April 26, 2009**
OPERATING ACTIVITIES		
Net earnings	$ 190,804	$ 163,277
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	56,261	57,322
Amortization of intangibles	5,210	5,172
Equity in earnings of affiliates	(6,773)	(2,183)
Provision for deferred income taxes	3,887	(4,417)
Loss on property/equipment sales and plant facilities	57	160
Gain on dissolution of joint venture	0	(3,634)
Non-cash investment activities	(624)	(5,034)
Stock-based compensation expense	9,186	7,416
Excess tax benefit from stock-based compensation	(6,330)	(600)
Other	6,595	0
Changes in operating assets and liabilities, net of acquisitions:		
Decrease in accounts receivable	15,932	74,934
(Increase) Decrease in inventories	(47,330)	36,309
(Increase) Decrease in prepaid expenses and other current assets	(2,730)	24,444
Increase in pension and post-retirement benefits	14,916	5,141
Decrease in accounts payable and accrued expenses	(59,723)	(94,356)
NET CASH PROVIDED BY OPERATING ACTIVITIES	179,338	263,951
INVESTING ACTIVITIES		
Sale of available-for-sale securities	0	6,270
Purchase of available-for-sale securities	0	(2,371)
Net (purchase) sale of trading securities	(50,000)	0
Acquisitions of businesses/intangibles	(28,144)	(580)
Purchases of property/equipment	(40,124)	(45,821)
Proceeds from sales of property/equipment	2,369	2,017
Increase in investments, equity in affiliates, and other assets	(31,145)	(1,581)
NET CASH USED IN INVESTING ACTIVITIES	(147,044)	(42,066)
FINANCING ACTIVITIES		
Dividends paid on common stock	(53,400)	(50,376)
Share repurchase	(29,826)	(10,375)
Proceeds from exercise of stock options	14,201	1,459
Excess tax benefit from stock-based compensation	6,330	600
Distribution to noncontrolling interest	0	(4,999)
Other	330	(641)
NET CASH USED IN FINANCING ACTIVITIES	(62,365)	(64,332)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(30,071)	157,553
Cash and cash equivalents at beginning of year	385,252	154,778
CASH AND CASH EQUIVALENTS AT END OF QUARTER	$ 355,181	$ 312,331

See Notes to Consolidated Financial Statements

Table of Contents

HORMEL FOODS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE A GENERAL

Basis of Presentation

The accompanying unaudited consolidated financial statements of Hormel Foods Corporation (the Company) have been prepared in accordance with generally accepted accounting principles for interim financial information, and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the full year. The balance sheet at October 25, 2009, has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes included in the Company s Annual Report on Form 10-K for the fiscal year ended October 25, 2009.

Certain reclassifications of previously reported amounts have been made to conform to the current year presentation and to conform with recent accounting pronouncements and guidance. The impact of these reclassifications on net earnings and operating cash flows are discussed below under New Accounting Pronouncements. The reclassifications had no impact on net earnings per share as previously reported.

Investments

The Company maintains a rabbi trust to fund certain supplemental executive retirement plans and deferred income plans, which is included in other assets on the Consolidated Statements of Financial Position. The securities held by the trust are classified as trading securities. Therefore, unrealized gains and losses associated with these investments are included in the Company s earnings. Gains related to securities still held by the trust were $1.7 million and $2.5 million for the second quarter and six months ended April 25, 2010, respectively, compared to gains of $4.1 million and $5.8 million for the three and six months ended April 26, 2009. The Company has transitioned the majority of this portfolio to more fixed return investments to reduce the exposure to volatility in equity markets going forward.

The Company also holds securities as part of an investment portfolio, which are classified as short-term marketable securities on the Consolidated Statements of Financial Position. These investments are also trading securities. Therefore, unrealized gains and losses are included in the Company s earnings. The Company recorded an immaterial gain related to these investments during the second quarter ended April 25, 2010.

Supplemental Statement of Operations Information

Net earnings for the second quarter and six months ended April 25, 2010, include two non-recurring charges recorded by the Company. During the second quarter, the Company made the decision to close its Valley Fresh plant in Turlock, California, by the end of fiscal 2010. Valley Fresh canned meats are produced at this facility. A write-down of fixed assets and the recording of employee related costs resulted in a charge to net earnings of $6.3 million ($0.05 per diluted share). New health care laws recently enacted also required the Company to reduce the value of its deferred tax assets as a result of a change to the tax treatment of Medicare Part D subsidies. As a result, the Company recorded a charge of $7.1 million ($0.05 per diluted share) to income tax expense during the second quarter, primarily related to these new health care laws.

Table of Contents

Supplemental Cash Flow Information

Non-cash investment activities presented on the Consolidated Statements of Cash Flows generally consist of unrealized gains or losses on the Company s rabbi trust and other investments, amortization of affordable housing investments, and amortization of bond financing costs. The noted investments are included in other assets or short-term marketable securities on the Consolidated Statements of Financial Position. Changes in the value of these investments are included in the Company s net earnings and are presented in the Consolidated Statements of Operations as either interest and investment income or interest expense, as appropriate.

Guarantees

The Company enters into various agreements guaranteeing specified obligations of affiliated parties. The Company s guarantees either terminate in one year or remain in place until such time as the Company revokes the agreement. The Company currently provides a renewable standby letter of credit for $3.9 million to guarantee obligations that may arise under worker compensation claims of an affiliated party. This potential obligation is not reflected in the Company s Consolidated Statements of Financial Position.

Subsequent Events

On May 25, 2010, subsequent to the end of the second quarter, the Company entered into an unsecured 3-year revolving credit facility in the amount of $300.0 million. The credit facility will be used to refinance existing indebtedness and for working capital and other general corporate purposes, including commercial paper backup and acquisition funding. This agreement replaces the Company s existing $200.0 million credit facility that was entered into on June 1, 2005. Wells Fargo Bank, National Association is acting as the Administrative Agent for the credit facility, and the lenders receive a fee for the availability of the line of credit. Interest on funds borrowed under the facility will be charged at one of two variable rate formulas to be selected by the Company at the time of borrowing.

New Accounting Pronouncements

In December 2008, the Financial Accounting Standards Board (FASB) updated the guidance within FASB Accounting Standards Codification (ASC) 715, *Compensation Retirement Benefits*. The update provides additional guidance regarding disclosures about plan assets of defined benefit pension or other post-retirement plans. The updated guidance is effective for fiscal years ending after December 15, 2009. The Company will therefore adopt the new provisions of this accounting standard in its annual financial statements for the fiscal year ending October 31, 2010, and is currently assessing the disclosure impact on its consolidated financial statements.

In December 2007, the FASB issued an update to ASC 805, *Business Combinations* (ASC 805). The update establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree, recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase, and determines what information to disclose to enable the users of the financial statements to evaluate the nature and financial effects of the business combination. The updated guidance is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Generally, the effect of ASC 805 will depend on future acquisitions. However, the accounting for any tax uncertainties is subject to the provisions of the standard upon adoption. The Company adopted the provisions of ASC 805 at the beginning of fiscal 2010, and adoption did not have a material impact on consolidated net earnings, cash flows, or financial position.

In December 2007, the FASB also updated the guidance within ASC 810, *Consolidation* (ASC 810). The update establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It also amends the requirements for certain consolidation procedures for consistency with the requirements of ASC 805. The updated guidance was effective for fiscal years beginning on or after December 15, 2008, and interim periods within those fiscal years. The Company adopted the provisions of ASC 810 at the beginning of fiscal 2010. Adoption did not have a material impact on the consolidated financial statements, but resulted in the following changes in presentation and disclosure:

Table of Contents

1) noncontrolling interests were reclassified from other long-term liabilities or accumulated other comprehensive loss (foreign currency translation) to a separate component of shareholders investment in the Consolidated Statements of Financial Position; 2) consolidated net earnings on the Consolidated Statements of Operations now include the net earnings attributable to both the Company and its noncontrolling interests; 3) an interim Consolidated Statement of Changes in Shareholders Investment has been provided to identify the components of shareholders investment and comprehensive income attributable to the Company s noncontrolling interests; and 4) the Consolidated Statements of Cash Flows now begin with consolidated net earnings attributable to both the Company and its noncontrolling interests, with the net earnings of the noncontrolling interests no longer included within changes in operating assets and liabilities and any distributions to the noncontrolling interests included in financing activities. As required, the prior year consolidated financial statements have also been reclassified to comply with the current year s presentation and disclosure requirements.

In September 2006, the FASB issued ASC 820, *Fair Value Measurements and Disclosures* (ASC 820). This standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard was effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. However, the provisions of ASC 820 allowed for deferral of adoption by one year for nonfinancial assets and liabilities measured at fair value that are recognized or disclosed on a nonrecurring basis (e.g. goodwill, intangible assets, and long-lived assets measured at fair value for impairment testing or nonfinancial assets and liabilities initially measured at fair value during a business combination). Therefore, the Company adopted ASC 820 at the beginning of fiscal 2009 for its financial assets and liabilities. Adoption did not impact consolidated net earnings, cash flows, or financial position, but resulted in additional disclosures. (See further discussion in Note I Fair Value Measurements.) Pursuant to the allowed deferral, the Company adopted the provisions of ASC 820 at the beginning of fiscal 2010 for its nonfinancial assets and liabilities. Adoption did not impact consolidated net earnings, cash flows, or financial position.

NOTE B ACQUISITIONS

Effective February 1, 2010, the Company completed the acquisition of the *Country Crock*® chilled side dish business from Unilever United States Inc. This line of microwaveable, refrigerated side dishes complements the Company s *Hormel* refrigerated entrées and *Lloyd s* barbeque product lines within the Refrigerated Foods segment. *Country Crock*® remains a registered trademark of the Unilever Group of Companies and is being used under license.

Operating results for this product line are included in the Company s Consolidated Statements of Operations from the date of acquisition. Pro forma results are not presented, as the acquisition is not material to the consolidated Company.

NOTE C STOCK-BASED COMPENSATION

The Company has stock incentive plans for employees and non-employee directors, including stock options and nonvested shares. The Company s policy is to grant options with the exercise price equal to the market price of the common stock on the date of grant. Ordinary options vest over periods ranging from six months to four years and expire ten years after the grant date. The Company recognizes stock-based compensation expense ratably over the shorter of the requisite service period or vesting period. The fair value of stock-based compensation granted to retirement-eligible individuals is expensed at the time of grant.

10

Table of Contents

A reconciliation of the number of options outstanding and exercisable (in thousands) as of April 25, 2010, and changes during the six months then ended, is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at October 25, 2009	11,604	$ 30.86		
Granted	1,328	38.51		
Exercised	(1,086)	22.28		
Forfeitures	(56)	37.03		
Outstanding at April 25, 2010	11,790	$ 32.48	6.0 years	$ 89,019
Exercisable at April 25, 2010	7,279	$ 30.40	4.7 years	$ 70,098

The weighted-average grant date fair value of stock options granted, and the total intrinsic value of options exercised (in thousands) during the second quarter and six months of fiscal years 2010 and 2009, are as follows:

	Three Months Ended		Six Months Ended	
	April 25, 2010	April 26, 2009	April 25, 2010	April 26, 2009
Weighted-average grant date fair value	$ 9.53	$ 6.76	$ 9.09	$ 5.86
Intrinsic value of exercised options	$ 9,451	$ 258	$ 19,225	$ 1,558

The fair value of each ordinary option award is calculated on the date of grant using the Black-Scholes valuation model utilizing the following weighted-average assumptions.

	Three Months Ended		Six Months Ended	
	April 25, 2010	April 26, 2009	April 25, 2010	April 26, 2009
Risk-Free Interest Rate	3.6%	3.4%	3.4%	3.2%
Dividend Yield	2.2%	2.5%	2.2%	2.5%
Stock Price Volatility	22.0%	22.0%	22.0%	22.0%
Expected Option Life	8 years	8 years	8 years	8 years

As part of the annual valuation process, the Company reassesses the appropriateness of the inputs used in the valuation models. The Company establishes the risk-free interest rate using stripped U.S. Treasury yields as of the grant date where the remaining term is approximately the expected life of the option. The dividend yield is set based on the Company s targeted dividend yield. The expected volatility assumption is set based primarily on historical volatility. As a reasonableness test, implied volatility from exchange traded options is also examined to validate the volatility range obtained from the historical analysis. The expected life assumption is set based on an analysis of past exercise behavior by option holders. In performing the valuations for ordinary option grants, the Company has not stratified option holders as exercise behavior has historically been consistent across all employee groups.

The Company s nonvested shares vest after five years or upon retirement. A reconciliation of the nonvested shares (in thousands) as of April 25, 2010, and changes during the six months then ended, is as follows:

	Shares		**Weighted-Average Grant-Date Fair Value**
Nonvested at October 25, 2009	98	$	34.90
Granted	25		39.12
Vested	(20)		33.21
Nonvested at April 25, 2010	103	$	36.25

Table of Contents

Stock-based compensation expense, along with the related income tax benefit, for the second quarter and six months of fiscal years 2010 and 2009 is presented in the table below.

	Three Months Ended		Six Months Ended	
(in thousands)	**April 25, 2010**	**April 26, 2009**	**April 25, 2010**	**April 26, 2009**
Stock-based compensation expense recognized	$ 3,824	$ 3,366	$ 9,186	$ 7,416
Income tax benefit recognized	(1,465)	(1,294)	(3,520)	(2,852)
After-tax stock-based compensation expense	$ 2,359	$ 2,072	$ 5,666	$ 4,564

At April 25, 2010, there was $17.8 million of total unrecognized compensation expense from stock-based compensation arrangements granted under the plans. This compensation is expected to be recognized over a weighted-average period of approximately 2.6 years. During the second quarter and six months ended April 25, 2010, cash received from stock option exercises was $7.8 million and $14.2 million, compared to $0.4 million and $1.5 million for the second quarter and six months ended April 26, 2009. The total tax benefit to be realized for tax deductions from these option exercises for the second quarter and six months ended April 25, 2010, was $3.7 million and $7.4 million, respectively, compared to $0.1 million and $0.6 million in the comparable periods in fiscal 2009.

Shares issued for option exercises and nonvested shares may be either authorized but unissued shares, or shares of treasury stock acquired in the open market or otherwise.

NOTE D GOODWILL AND INTANGIBLE ASSETS

The change in the carrying amount of goodwill for the second quarter ended April 25, 2010, is presented in the table below. There were no changes in the carrying amount in the first quarter of fiscal 2010. The addition during the second quarter of fiscal 2010 relates to the *Country Crock*® acquisition.

(in thousands)	**Grocery Products**	**Refrigerated Foods**	**JOTS**	**Specialty Foods**	**All Other**	**Total**
Balance as of January 24, 2010	$ 123,316	$ 85,923	$ 203,214	$ 207,028	$ 674	$ 620,155
Goodwill acquired		8,609				8,609
Balance as of April 25, 2010	$ 123,316	$ 94,532	$ 203,214	$ 207,028	$ 674	$ 628,764

The gross carrying amount and accumulated amortization for definite-lived intangible assets are presented below. Additions during the second quarter of fiscal 2010 relate to the *Country Crock*® acquisition.

	April 25, 2010		October 25, 2009	
(in thousands)	**Gross Carrying Amount**	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**
Proprietary software & technology	$ 23,650	$ (12,677)	$ 23,800	$ (11,467)

Formulas & recipes	22,404	(10,771)	17,104	(9,802)
Customer lists/relationships	22,378	(8,955)	19,678	(7,794)
Non-compete covenants	7,200	(5,531)	7,020	(5,197)
Distribution network	4,120	(2,745)	4,120	(2,541)
Other intangibles	9,740	(4,362)	7,230	(3,691)
Total	$ 89,492	$ (45,041)	$ 78,952	$ (40,492)

Amortization expense was $2.7 million and $5.2 million for the second quarter and six months ended April 25, 2010, respectively, compared to $2.6 million and $5.2 million for the second quarter and six months ended April 26, 2009.

Table of Contents

Estimated annual amortization expense (in thousands) for the five fiscal years after October 25, 2009, is as follows:

2010	$	10,495
2011		9,384
2012		8,856
2013		7,649
2014		6,253

The carrying amounts for indefinite-lived intangible assets are presented in the table below.

(in thousands)		April 25, 2010		October 25, 2009
Brands/tradenames/trademarks	$	94,410	$	94,410
Other intangibles		7,984		7,984
Total	$	102,394	$	102,394

NOTE E EARNINGS PER SHARE DATA

The following table sets forth the denominator for the computation of basic and diluted earnings per share:

	Three Months Ended		Six Months Ended	
(in thousands)	April 25, 2010	April 26, 2009	April 25, 2010	April 26, 2009
Basic weighted-average shares outstanding	133,593	134,272	133,591	134,325
Dilutive potential common shares	1,986	1,101	1,879	943
Diluted weighted-average shares outstanding	135,579	135,373	135,470	135,268

For the second quarter and six months ended April 25, 2010, 1.6 million and 2.7 million weighted average stock options, respectively, were not included in the computation of dilutive potential common shares since their inclusion would have had an antidilutive effect on earnings per share, compared to 5.5 million and 6.0 million for the second quarter and six months ended April 26, 2009.

NOTE F COMPREHENSIVE INCOME

Components of comprehensive income, net of taxes, are:

(in thousands)	Three Months Ended April 25, 2010	Three Months Ended April 26, 2009	Six Months Ended April 25, 2010	Six Months Ended April 26, 2009
Net earnings	$ 78,535	$ 81,100	$ 190,804	$ 163,277
Other comprehensive income (loss):				
Deferred loss on hedging	(3,768)	(14,999)	(10,597)	(10,405)
Reclassification adjustment into net earnings	3,890	14,467	12,158	14,973
Foreign currency translation	1,675	(1,054)	2,822	(3,288)
Pension and post-retirement benefits	3,222	1,446	6,560	(2,486)
Other comprehensive income (loss)	5,019	(140)	10,943	(1,206)
Total comprehensive income	83,554	80,960	201,747	162,071
Comprehensive income attributable to noncontrolling interest	679	727	1,735	1,518
Comprehensive income attributable to Hormel Foods Corporation	$ 82,875	$ 80,233	$ 200,012	$ 160,553

Table of Contents

The components of accumulated other comprehensive loss, net of tax, are as follows:

(in thousands)	April 25, 2010	October 25, 2009
Foreign currency translation	$ 6,203	$ 3,381
Pension & other benefits	(187,543)	(194,103)
Deferred loss on hedging	(11,327)	(12,888)
Accumulated other comprehensive loss	$ (192,667)	$ (203,610)

NOTE G INVENTORIES

Principal components of inventories are:

(in thousands)	April 25, 2010	October 25, 2009
Finished products	$ 428,484	$ 402,855
Raw materials and work-in-process	196,128	185,387
Materials and supplies	142,579	134,129
Total	$ 767,191	$ 722,371

NOTE H DERIVATIVES AND HEDGING

The Company uses hedging programs to manage price risk associated with commodity purchases. These programs utilize futures contracts and swaps to manage the Company s exposure to price fluctuations in the commodities markets. The Company has determined its hedge programs to be highly effective in offsetting the changes in fair value or cash flows generated by the items hedged.

Cash Flow Hedges: The Company utilizes corn and soybean meal futures to offset the price fluctuation in the Company s future direct grain purchases, and has entered into various swaps to hedge the purchases of grain and natural gas at certain plant locations. The financial instruments are designated and accounted for as cash flow hedges, and the Company measures the effectiveness of the hedges on a regular basis. Effective gains or losses related to these cash flow hedges are reported in accumulated other comprehensive loss and reclassified into earnings, through cost of products sold, in the period or periods in which the hedged transactions affect earnings. Any gains or losses related to hedge ineffectiveness are recognized in the current period cost of products sold. The Company s hedging policies allow for the hedging of its grain exposure for a maximum period of 24 months out, and its natural gas exposure for a maximum period of 36 months out. As of April 25, 2010, and October 25, 2009, the Company had the following outstanding commodity futures contracts and swaps that were entered into to hedge forecasted purchases:

Volume

Commodity	April 25, 2010	October 25, 2009
Corn	25.2 million bushels	20.3 million bushels
Soybean Meal	240,700 tons	148,100 tons
Natural Gas	3.0 million MMBTU s	4.6 million MMBTU s

As of April 25, 2010, the Company has included in accumulated other comprehensive loss, hedging losses of $18.4 million (before tax) relating to its positions, compared to losses of $19.2 million (before tax) as of October 25, 2009. The Company expects to recognize the majority of these losses over the next 12 months.

Table of Contents

Fair Value Hedges: The Company utilizes futures to minimize the price risk assumed when forward priced contracts are offered to the Company s commodity suppliers. The intent of the program is to make the forward priced commodities cost nearly the same as cash market purchases at the date of delivery. The futures contracts are designated and accounted for as fair value hedges, and the Company measures the effectiveness of the hedges on a regular basis. Changes in the fair value of the futures contracts, along with the gain or loss on the hedged purchase commitment, are marked-to-market through earnings and are recorded on the Consolidated Statement of Financial Position as a current asset and liability, respectively. Effective gains or losses related to these fair value hedges are recognized through cost of products sold in the period or periods in which the hedged transactions affect earnings. Any gains or losses related to hedge ineffectiveness are recognized in the current period cost of products sold. As of April 25, 2010, and October 25, 2009, the Company had the following outstanding commodity futures contracts designated as fair value hedges:

	Volume	
Commodity	**April 25, 2010**	**October 25, 2009**
Corn	9.9 million bushels	12.0 million bushels
Soybean Meal	1,800 tons	6,200 tons
Lean Hogs	1.1 million cwt	1.3 million cwt

Other Derivatives: During fiscal years 2010 and 2009, the Company has held certain futures contract positions as part of a merchandising program. The Company has not applied hedge accounting to these positions. As of April 25, 2010, and October 25, 2009, the Company had the following outstanding commodity futures contracts related to its merchandising program:

	Volume	
Commodity	**April 25, 2010**	**October 25, 2009**
Pork Bellies	15,200 cwt	14,800 cwt

Fair Values: The fair values of the Company s derivative instruments (in thousands) as of April 25, 2010, and October 25, 2009, were as follows:

	Location on Consolidated Statement of Financial Position	Fair Value (1) April 25, 2010	Fair Value (1) October 25, 2009
Asset Derivatives:			
Derivatives Designated as Hedges:			
Commodity contracts	Other current assets	$ 15,529	$ 25,159
Derivatives Not Designated as Hedges:			
Commodity contracts	Other current assets	213	(3,702)
Total Asset Derivatives		**$ 15,742**	**$ 21,457**
Liability Derivatives:			
Derivatives Designated as Hedges:			
Commodity contracts	Accounts payable	$ 14,937	$ 17,563
Total Liability Derivatives		**$ 14,937**	**$ 17,563**

(1) Amounts represent the gross fair value of derivative assets and liabilities. The Company nets its derivative assets and liabilities, including cash collateral, when a master netting arrangement exists between the Company and the counterparty to the derivative contract. See Note I - Fair Value Measurements for a discussion of the net amounts as reported in the Consolidated Statements of Financial Position.

Table of Contents

Derivative Gains and Losses: Gains or losses (before tax, in thousands) related to the Company s derivative instruments for the three months ended April 25, 2010, and April 26, 2009, were as follows:

Cash Flow Hedges:	Gain/(Loss) Recognized in Accumulated Other Comprehensive Loss (AOCL) (Effective Portion) (1) Three Months Ended April 25, 2010	Gain/(Loss) Recognized in Accumulated Other Comprehensive Loss (AOCL) (Effective Portion) (1) Three Months Ended April 26, 2009	Location on Consolidated Statement of Operations	Gain/(Loss) Reclassified from AOCL into Earnings (Effective Portion) (1) Three Months Ended April 25, 2010	Gain/(Loss) Reclassified from AOCL into Earnings (Effective Portion) (1) Three Months Ended April 26, 2009	Gain/(Loss) Recognized in Earnings (Ineffective Portion) (2) (3) Three Months Ended April 25, 2010	Gain/(Loss) Recognized in Earnings (Ineffective Portion) (2) (3) Three Months Ended April 26, 2009
Commodity contracts	$ (6,106)	$ (24,570)	Cost of products sold	$ (6,305)	$ (23,475)	$ (456)	$ 626

Fair Value Hedges:	Location on Consolidated Statement of Operations	Gain/(Loss) Recognized in Earnings (Effective Portion) (4) Three Months Ended April 25, 2010	Gain/(Loss) Recognized in Earnings (Effective Portion) (4) Three Months Ended April 26, 2009	Gain/(Loss) Recognized in Earnings (Ineffective Portion) (2) (5) Three Months Ended April 25, 2010	Gain/(Loss) Recognized in Earnings (Ineffective Portion) (2) (5) Three Months Ended April 26, 2009
Commodity contracts	Cost of products sold	$ (777)	$ 17,847	$ 3	$ (1,470)

Derivatives Not Designated as Hedges:	Location on Consolidated Statement of Operations	Gain/(Loss) Recognized in Earnings Three Months Ended April 25, 2010	Gain/(Loss) Recognized in Earnings Three Months Ended April 26, 2009
Commodity contracts	Cost of products sold	$ 78	$ 120

Table of Contents

Derivative Gains and Losses: Gains or losses (before tax, in thousands) related to the Company s derivative instruments for the six months ended April 25, 2010, and April 26, 2009, were as follows:

Cash Flow Hedges:	Gain/(Loss) Recognized in Accumulated Other Comprehensive Loss (AOCL) (Effective Portion) (1) Six Months Ended April 25, 2010	Gain/(Loss) Recognized in Accumulated Other Comprehensive Loss (AOCL) (Effective Portion) (1) Six Months Ended April 26, 2009	Location on Consolidated Statement of Operations	Gain/(Loss) Reclassified from AOCL into Earnings (Effective Portion) (1) Six Months Ended April 25, 2010	Gain/(Loss) Reclassified from AOCL into Earnings (Effective Portion) (1) Six Months Ended April 26, 2009	Gain/(Loss) Recognized in Earnings (Ineffective Portion) (2) (3) Six Months Ended April 25, 2010	Gain/(Loss) Recognized in Earnings (Ineffective Portion) (2) (3) Six Months Ended April 26, 2009
Commodity contracts	$ (16,984)	$ (16,864)	Cost of products sold	$ (17,868)	$ (24,300)	$ 34	$ (553)

Fair Value Hedges:	Location on Consolidated Statement of Operations	Gain/(Loss) Recognized in Earnings (Effective Portion) (4) Six Months Ended April 25, 2010	Gain/(Loss) Recognized in Earnings (Effective Portion) (4) Six Months Ended April 26, 2009	Gain/(Loss) Recognized in Earnings (Ineffective Portion) (2) (5) Six Months Ended April 25, 2010	Gain/(Loss) Recognized in Earnings (Ineffective Portion) (2) (5) Six Months Ended April 26, 2009
Commodity contracts	Cost of products sold	$ (1,348)	$ 37,616	$ 111	$ (2,268)

Derivatives Not Designated as Hedges:	Location on Consolidated Statement of Operations	Gain/(Loss) Recognized in Earnings Six Months Ended April 25, 2010	Gain/(Loss) Recognized in Earnings Six Months Ended April 26, 2009
Commodity contracts	Cost of products sold	$ 94	$ 393

(1) Amounts represent gains or losses in AOCL before tax. See Note F Comprehensive Income for the after tax impact of these gains or losses on net earnings.
(2) There were no gains or losses excluded from the assessment of hedge effectiveness during the second quarter or six months.
(3) There were no gains or losses resulting from the discontinuance of cash flow hedges during the second quarter or six months.
(4) Losses on commodity contracts designated as fair value hedges were offset by a corresponding gain on the underlying hedged purchase commitment.
(5) There were no gains or losses recognized as a result of a hedged firm commitment no longer qualifying as a fair value hedge during the second quarter or six months.

NOTE I FAIR VALUE MEASUREMENTS

Effective at the beginning of fiscal 2009, the Company adopted the provisions of ASC 820, *Fair Value Measurements and Disclosures* (ASC 820) for its financial assets and liabilities carried at fair value on a recurring basis in the consolidated financial statements. ASC 820 defines fair value 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). ASC 820 also establishes a fair value hierarchy which requires assets and liabilities measured at fair value to be categorized into one of three levels based on the inputs used in the valuation. Assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The three levels are defined as follows:

Level 1: Observable inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable inputs, other than those included in Level 1, based on quoted prices for similar assets and liabilities in active markets, or quoted prices for identical assets and liabilities in inactive markets.

Table of Contents

Level 3: Unobservable inputs that reflect an entity s own assumptions about what inputs a market participant would use in pricing the asset or liability based on the best information available in the circumstances.

The Company s financial assets and liabilities that are measured at fair value on a recurring basis as of April 25, 2010, and October 25, 2009, and their level within the fair value hierarchy, are presented in the tables below.

(in thousands)	Fair Value at April 25, 2010	Fair Value Measurements at April 25, 2010 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets at Fair Value:				
Cash equivalents (1)	$ 273,032	$ 273,032	$	$
Short-term marketable securities (2)	50,023	1,119	48,904	
Other trading securities (3)	106,287	48,197	58,090	
Commodity derivatives (4)	7,177	7,177		
Total Assets at Fair Value	$ 436,519	$ 329,525	$ 106,994	$
Liabilities at Fair Value:				
Commodity derivatives (4)	$ 14,937	$	$ 14,937	$
Deferred compensation (3)	38,804	12,226	26,578	
Total Liabilities at Fair Value	$ 53,741	$ 12,226	$ 41,515	$

(in thousands)	Fair Value at October 25, 2009	Fair Value Measurements at October 25, 2009 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets at Fair Value:				
Cash equivalents (1)	$ 290,476	$ 290,476	$	$
Other trading securities (3)	103,801	49,608	54,193	
Commodity derivatives (4)	6,776	6,776		
Total Assets at Fair Value	$ 401,053	$ 346,860	$ 54,193	$
Liabilities at Fair Value:				
Commodity derivatives (4)	$ 17,563	$	$ 17,563	$
Deferred compensation (3)	38,786	10,670	28,116	
Total Liabilities at Fair Value	$ 56,349	$ 10,670	$ 45,679	$

The following methods and assumptions were used to estimate the fair value of the financial assets and liabilities above:

(1) The Company s cash equivalents consist of money market funds rated AAA. As these investments have a maturity date of three months or less, the carrying value approximates fair value.

(2) The Company holds trading securities as part of a portfolio maintained to generate investment income and to provide cash for operations of the Company, if necessary. The portfolio is managed by a third party who is responsible for daily trading activities, and all assets within the portfolio are highly liquid. The cash and highly rated money market funds held by the portfolio are classified as Level 1. The current investment portfolio also includes corporate bonds, agency securities, mortgage-backed securities, and other asset-backed securities for which there is an active, quoted market. Market prices are obtained from a variety of industry standard providers, large financial institutions, and other third-party sources to calculate a representative daily market value, and therefore, these securities are classified as Level 2.

Table of Contents

(3) The Company also holds trading securities as part of a rabbi trust to fund certain supplemental executive retirement plans and deferred income plans. The rabbi trust is included in other assets on the Consolidated Statements of Financial Position and is valued based on the underlying fair value of each fund held by the trust. A portion of the funds held related to the supplemental executive retirement plans have been invested in fixed income funds managed by a third party. The declared rate on these funds is set based on a formula using the yield of the general account investment portfolio that supports the fund, adjusted for expenses and other charges. The rate is guaranteed for one year at issue, and may be reset annually on the policy anniversary, subject to a guaranteed minimum rate. As the value is based on adjusted market rates, and the fixed rate is only reset on an annual basis, these funds are classified as Level 2. The remaining funds held are also managed by a third party, and include equity securities, money market accounts, bond funds, or other portfolios for which there is an active quoted market. Therefore these securities are classified as Level 1. The related deferred compensation liabilities are included in other long term liabilities on the Consolidated Statements of Financial Position and are valued based on the underlying investment selections held in each participant s account. Investment options generally mirror those funds held by the rabbi trust, for which there is an active quoted market. Therefore these investment balances are classified as Level 1. The Company also offers a fixed rate investment option to participants. The rate earned on these investments is adjusted annually based on a specified percentage of the United States Internal Revenue Service (I.R.S.) Applicable Federal Rates in effect and therefore these balances are classified as Level 2.

(4) The Company s commodity derivatives represent futures contracts and swaps used in its hedging programs to offset price fluctuations associated with purchases of corn, soybean meal, and natural gas, and to minimize the price risk assumed when forward priced contracts are offered to the Company s commodity suppliers. The Company s futures contracts for corn and soybean meal are traded on the Chicago Board of Trade (CBOT), while futures contracts for lean hogs and bellies are traded on the Chicago Mercantile Exchange. These are active markets with quoted prices available and therefore the futures contracts are classified as Level 1. The Company s corn and soybean meal swaps settle based on quoted prices from the CBOT, while natural gas swaps are settled based on quoted prices from the New York Mercantile Exchange. As the swaps settle based on quoted market prices, but are not held directly with the exchange, the swaps are classified as Level 2. All derivatives are reviewed for potential credit risk and risk of nonperformance. The Company nets its derivative assets and liabilities, including cash collateral, when a master netting arrangement exists between the Company and the counterparty to the derivative contract. The net balance for each arrangement is included in other current assets or accounts payable, as appropriate, in the Consolidated Statements of Financial Position. As of April 25, 2010, the Company has recognized the obligation to return cash collateral of $8.6 million to various counterparties. As of October 25, 2009, the Company had recognized the right to reclaim cash collateral of $2.2 million from, and the obligation to return cash collateral of $16.9 million to, various counterparties.

The Company s financial assets and liabilities also include cash, accounts receivable, accounts payable, and other liabilities, for which carrying value approximates fair value. The Company does not carry its long-term debt at fair value in its Consolidated Statements of Financial Position. Based on borrowing rates available to the Company for long-term financing with similar terms and average maturities, the fair value of long-term debt, utilizing discounted cash flows, was $380.5 million as of April 25, 2010, and $383.5 million as of October 25, 2009.

As discussed in Note A, the FASB allowed deferral of the provisions of ASC 820 for one year for nonfinancial assets and liabilities measured at fair value that are recognized or disclosed on a nonrecurring basis. Pursuant to this allowed deferral, the Company adopted the provisions of ASC 820 at the beginning of fiscal 2010 for its nonfinancial assets and liabilities. During the second quarter of fiscal 2010, the Company made the decision to close its Valley Fresh plant in Turlock, California. The facilities in that location were evaluated during that process and the Company recorded a pretax charge of $6.6 million to reduce the property, plant and equipment to its current estimated fair value. During the six months ended April 25, 2010, there were no other remeasurements of assets or liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

Table of Contents

NOTE J PENSION AND OTHER POST-RETIREMENT BENEFITS

Net periodic benefit cost for pension and other post-retirement benefit plans consists of the following:

	Pension Benefits			
	Three Months Ended		Six Months Ended	
(in thousands)	**April 25, 2010**	**April 26, 2009**	**April 25, 2010**	**April 26, 2009**
Service cost	$ 5,392	$ 4,530	$ 10,783	$ 9,033
Interest cost	11,794	11,799	23,588	23,617
Expected return on plan assets	(13,522)	(13,074)	(27,044)	(26,148)
Amortization of prior service cost	(149)	(151)	(298)	(297)
Recognized actuarial loss	3,880	1,343	7,761	2,674
Settlement charge	1,267		1,267	4,219
Curtailment charge	55		55	
Net periodic cost	$ 8,717	$ 4,447	$ 16,112	$ 13,098

	Post-retirement Benefits			
	Three Months Ended		Six Months Ended	
(in thousands)	**April 25, 2010**	**April 26, 2009**	**April 25, 2010**	**April 26, 2009**
Service cost	$ 594	$ 552	$ 1,188	$ 1,104
Interest cost	5,063	5,583	10,126	11,166
Amortization of prior service cost	1,053	1,377	2,152	2,753
Recognized actuarial loss (gain)	583	(210)	1,166	(420)
Net periodic cost	$ 7,293	$ 7,302	$ 14,632	$ 14,603

In the second quarter of fiscal year 2010, coincident with the Company s decision to close its Turlock, California facility, it also commenced the process to terminate the defined benefit pension plan for the employees at that facility. The fiscal 2010 settlement and curtailment charges noted above are related to that plan termination.

NOTE K INCOME TAXES

The amount of unrecognized tax benefits, including interest and penalties, at April 25, 2010, recorded in other long-term liabilities was $37.8 million, of which $27.2 million would impact the Company s effective tax rate if recognized. The Company includes accrued interest and penalties related to uncertain tax positions in income tax expense, with $1.7 million and $0.4 million included in expense in the second quarter and six months, respectively, of fiscal 2010. The amount of accrued interest and penalties at April 25, 2010, associated with unrecognized tax benefits was $11.5 million.

The Company is regularly audited by federal and state taxing authorities. During fiscal year 2010, the I.R.S. concluded its examination of the Company s consolidated federal income tax returns for the fiscal years through 2007. The Company is in various stages of audit by several state taxing authorities on a variety of fiscal years, as far back as 1996. While it is reasonably possible that one or more of these audits may be completed within the next 12 months and that the related unrecognized tax benefits may change, based on the status of the examinations it is not possible to reasonably estimate the effect of any amount of such change to previously recorded uncertain tax positions.

New health care laws recently enacted resulted in a change in the tax treatment of Medicare Part D subsidies received by the Company, and required a reduction in the related deferred tax assets recorded by the Company related to those subsidies. As a result, the Company recorded a $7.1 million charge to income tax expense during the second quarter of fiscal 2010, primarily related to these new health care laws.

Table of Contents

NOTE L SEGMENT REPORTING

The Company develops, processes, and distributes a wide array of food products in a variety of markets. The Company reports its results in the following five segments: Grocery Products, Refrigerated Foods, Jennie-O Turkey Store, Specialty Foods, and All Other.

The Grocery Products segment consists primarily of the processing, marketing, and sale of shelf-stable food products sold predominantly in the retail market.

The Refrigerated Foods segment includes the Hormel Refrigerated, Farmer John, Burke Corporation, and Dan s Prize operating segments. This segment consists primarily of the processing, marketing, and sale of branded and unbranded pork and beef products for retail, foodservice and fresh product customers. Results for the Hormel Refrigerated operating segment include the Precept Foods business, which offers a variety of case-ready beef and pork products to retail customers. Precept Foods, LLC, is a 51 percent owned joint venture between Hormel Foods Corporation and Cargill Meat Solutions Corporation, a wholly-owned subsidiary of Cargill, Incorporated.

The Jennie-O Turkey Store segment consists primarily of the processing, marketing, and sale of branded and unbranded turkey products for retail, foodservice, and fresh product customers.

The Specialty Foods segment includes the Diamond Crystal Brands, Century Foods International, and Hormel Specialty Products operating segments. This segment consists of the packaging and sale of various sugar and sugar substitute products, salt and pepper products, liquid portion products, dessert mixes, ready-to-drink products, sports nutrition products, gelatin products, and private label canned meats to retail and foodservice customers. This segment also includes the processing, marketing, and sale of nutritional food products and supplements to hospitals, nursing homes, and other marketers of nutritional products.

The All Other segment includes the Hormel Foods International operating segment, which manufactures, markets, and sells Company products internationally. This segment also includes various miscellaneous corporate sales.

Intersegment sales are recorded at prices that approximate cost and are eliminated in the Consolidated Statements of Operations. The Company does not allocate investment income, interest expense, and interest income to its segments when measuring performance. The Company also retains various other income and unallocated expenses at corporate. Equity in earnings of affiliates is included in segment operating profit; however, earnings attributable to the Company s noncontrolling interests are excluded. These items are included below as net interest and investment income, general corporate expense, and noncontrolling interest when reconciling to earnings before income taxes.

Table of Contents

Sales and operating profits for each of the Company s business segments and reconciliation to earnings before income taxes are set forth below. The Company is an integrated enterprise, characterized by substantial intersegment cooperation, cost allocations, and sharing of assets. Therefore, the Company does not represent that these segments, if operated independently, would report the operating profit and other financial information shown below.

(in thousands)	Three Months Ended April 25, 2010	Three Months Ended April 26, 2009	Six Months Ended April 25, 2010	Six Months Ended April 26, 2009
Sales to Unaffiliated Customers				
Grocery Products	$ 256,665	$ 241,684	$ 518,309	$ 483,627
Refrigerated Foods	893,470	834,062	1,785,772	1,731,486
Jennie-O Turkey Store	292,551	289,745	612,502	594,784
Specialty Foods	196,934	173,586	383,876	352,476
All Other	60,162	55,966	126,770	121,756
Total	$ 1,699,782	$ 1,595,043	$ 3,427,229	$ 3,284,129
Intersegment Sales				
Grocery Products	$ 0	$ 0	$ 0	$ 0
Refrigerated Foods	1,747	1,745	3,810	3,915
Jennie-O Turkey Store	26,982	27,450	48,307	48,969
Specialty Foods	35	25	54	103
All Other	0	0	0	0
Total	$ 28,764	$ 29,220	$ 52,171	$ 52,987
Intersegment elimination	(28,764)	(29,220)	(52,171)	(52,987)
Total	$ 0	$ 0	$ 0	$ 0
Net Sales				
Grocery Products	$ 256,665	$ 241,684	$ 518,309	$ 483,627
Refrigerated Foods	895,217	835,807	1,789,582	1,735,401
Jennie-O Turkey Store	319,533	317,195	660,809	643,753
Specialty Foods	196,969	173,611	383,930	352,579
All Other	60,162	55,966	126,770	121,756
Intersegment elimination	(28,764)	(29,220)	(52,171)	(52,987)
Total	$ 1,699,782	$ 1,595,043	$ 3,427,229	$ 3,284,129
Segment Operating Profit				
Grocery Products	$ 33,022	$ 43,677	$ 87,192	$ 83,312
Refrigerated Foods	55,523	51,695	125,711	97,440
Jennie-O Turkey Store	32,169	16,678	65,436	45,927
Specialty Foods	21,508	15,432	41,138	30,749
All Other	4,133	5,027	11,855	13,272
Total segment operating profit	$ 146,355	$ 132,509	$ 331,332	$ 270,700
Net interest and investment income	(5,151)	1,666	(11,269)	(3,398)
General corporate expense	(9,391)	(9,547)	(19,754)	(18,044)
Noncontrolling interest	673	715	1,735	1,509
Earnings before income taxes	$ 132,486	$ 125,343	$ 302,044	$ 250,767

Table of Contents

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

CRITICAL ACCOUNTING POLICIES

There have been no material changes in the Company s Critical Accounting Policies, as disclosed in its Annual Report on Form 10-K for the fiscal year ended October 25, 2009.

RESULTS OF OPERATIONS

Overview

The Company is a processor of branded and unbranded food products for retail, foodservice, and fresh product customers. It operates in five segments as described in Note L in the Notes to Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

For the second quarter of fiscal 2010, the Company reported adjusted(1) net earnings of $0.67 per diluted share, an increase of 13.6 percent compared to $0.59 per diluted share in the second quarter of fiscal 2009. On the basis of generally accepted accounting principles (GAAP), the Company earned $0.57 per diluted share in the second quarter of fiscal 2010, a decrease of 3.4 percent from fiscal 2009. Significant factors impacting the second quarter were:

- Jennie-O Turkey Store reported a significant increase in profits, driven by operational improvements throughout the business.
- Specialty Foods showed improved margin and profit results across all three operating segments.
- Refrigerated Foods profits increased, reflecting continued strong cutout margins compared to the prior year.
- Grocery Products experienced decreased profits resulting from higher input costs for core product lines.
- Non-recurring charges totaling $0.10 per diluted share(1) were incurred related to the closing of the Company s Valley Fresh plant and the tax impact of new health care laws.

Consolidated Results

Excluding the non-recurring charges noted above, adjusted(1) net earnings attributable to the Company for the second quarter of fiscal 2010 increased 13.5 percent to $91.3 million compared to $80.4 million in the same quarter of fiscal 2009. Adjusted(1) diluted earnings per share for the second quarter increased 13.6 percent to $0.67 from $0.59 last year. Adjusted(1) net earnings attributable to the Company for the first six months of 2010 increased 25.2 percent to $202.5 million, from $161.8 million in fiscal 2009. Adjusted(1) diluted earnings per share for the same period increased 25.0 percent to $1.50 compared to $1.20 last year.

On a GAAP basis, net earnings attributable to the Company for the second quarter of fiscal 2010 decreased 3.1 percent to $77.9 million compared to $80.4 million in the same quarter of fiscal 2009. GAAP diluted earnings per share for the second quarter decreased 3.4 percent to $0.57 from $0.59 last year. GAAP net earnings attributable to the Company for the first six months of fiscal 2010 increased 16.9 percent to $189.1 million, from $161.8 million in fiscal 2009. GAAP diluted earnings per share for the same period increased 16.7 percent to $1.40 compared to $1.20 last year.

Table of Contents

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(1)Adjusted Net Earnings: Adjusted net earnings excludes charges of $6.3 million ($0.05 per diluted share) related to the closing of the Company s Valley Fresh plant in Turlock, California, and an income tax charge of $7.1 million ($0.05 per diluted share) primarily from the change in tax treatment of Medicare Part D subsidies by the new health care laws recently enacted. The following tables show the calculations to reconcile from adjusted earnings to GAAP earnings.

(in thousands) **Second Quarter ended April 25, 2010**		**Adjusted Earnings**		**Valley Fresh Plant Closure**		**Tax items primarily related to health care laws**		**GAAP Earnings**
Earnings before income taxes	$	142,219	$	(9,733)	$		$	132,486
Income taxes		(50,286)		3,455		(7,120)		(53,951)
Net earnings	$	91,933	$	(6,278)	$	(7,120)	$	78,535
Net earnings attributable to Hormel Foods Corporation	$	91,260	$	(6,278)	$	(7,120)	$	77,862
Diluted net earnings per share	$	0.67	$	(0.05)	$	(0.05)	$	0.57

(in thousands) **Six Months ended April 25, 2010**		**Adjusted Earnings**		**Valley Fresh Plant Closure**		**Tax items primarily related to health care laws**		**GAAP Earnings**
Earnings before income taxes	$	311,777	$	(9,733)	$		$	302,044
Income taxes		(107,575)		3,455		(7,120)		(111,240)
Net earnings	$	204,202	$	(6,278)	$	(7,120)	$	190,804
Net earnings attributable to Hormel Foods Corporation	$	202,467	$	(6,278)	$	(7,120)	$	189,069
Diluted net earnings per share	$	1.50	$	(0.05)	$	(0.05)	$	1.40

The non-GAAP adjusted net earnings financial measurements are provided to assist investors and other readers of the Company s financial statements in better understanding the Company s operating performance by excluding the impact of certain non-recurring items affecting comparability. Non-GAAP measurements are not intended to be a substitute for GAAP measurements in analyzing financial performance. These non-GAAP measurements are not in accordance with any generally accepted accounting principles and may be different from non-GAAP measurements used by other companies.

Table of Contents

Net sales for the second quarter of fiscal 2010 increased 6.6 percent to $1.70 billion compared to $1.60 billion in fiscal 2009. Tonnage increased 1.8 percent to 1.14 billion lbs. for the second quarter compared to 1.12 billion lbs. in the same quarter of last year. Net sales for the first six months of fiscal 2010 increased 4.4 percent to $3.43 billion from $3.28 billion in the first six months of fiscal 2009. Tonnage for the six months increased 2.2 percent to 2.34 billion lbs. compared to 2.29 billion lbs. in fiscal 2009. Net sales growth was reported across all five segments of the Company for both the second quarter and six months. The *Hormel* brand advertising campaign *Life Better Served* was launched during the second quarter and has contributed to improved sales results, particularly in Refrigerated Foods. The Company expects to see continued sales growth as this campaign progresses throughout fiscal 2010. The Specialty Foods segment showed notable increases in all three operating segments during the second quarter, and value-added growth at Jennie-O Turkey Store also contributed to the sales increase. Top-line results further benefited from the Company s 50 percent ownership in the new MegaMex Foods, LLC (MegaMex) joint venture and the recent *Country Crock*® side dish acquisition.

Gross profit for the second quarter and first six months of fiscal 2010 was $280.5 million and $598.9 million, respectively, compared to $262.0 million and $534.4 million for the same periods last year. Gross profit for fiscal 2010 includes a charge of $9.7 million related to the closing of the Company s Valley Fresh plant. Gross profit as a percentage of net sales for the second quarter and six months of fiscal 2010 increased to 16.5 and 17.5 percent, respectively, from 16.4 and 16.3 percent for the comparable quarter and six months of fiscal 2009. Jennie-O Turkey Store reported notable margin increases driven by improvements in several areas, including improved live production performance and reduced production costs generated by operating efficiency gains. Higher commodity meat and whole bird pricing also benefitted margins compared to the prior year. Despite higher hog costs than were anticipated during the second quarter, cutout margins in the Company s pork operations remained strong and also contributed to the improved margin results compared to fiscal 2009. However, higher primal markets pressured margins in the Company s value-added businesses, most notably in Grocery Products and the Meat Products business unit, and offset a portion of the gains from operations. The higher hog costs and primal values are expected to continue into the latter half of fiscal 2010, and have already begun to impact margins entering the third quarter. The Specialty Foods segment also reported margin improvement across all three operating segments, most significantly for Century Foods International due to strong contract packaging sales.

Selling, general and administrative expenses for the second quarter and first six months of fiscal 2010 were $146.8 million and $292.3 million, respectively, compared to $139.8 million and $282.4 million last year. As a percentage of net sales, selling, general and administrative expenses for the second quarter were 8.6 percent compared to 8.8 percent in the prior year. For the first six months, these expenses also declined to 8.5 percent from 8.6 percent in fiscal 2009. The Company has incurred higher expenses in fiscal 2010 related to stock options, travel, professional services, and compensation. Additional investments have also been made in advertising in the current year to support the Company s *Hormel* branded product lines. The Company expects overall selling, general and administrative expenses to be approximately 8.8 percent of net sales for the remainder of fiscal 2010, reflecting the ongoing advertising campaign.

Equity in earnings of affiliates was $4.0 million and $6.8 million for the second quarter and first six months of fiscal 2010, respectively, compared to $1.5 million and $2.2 million last year. Positive results from the Company s MegaMex joint venture drove the increase for both the second quarter and six months, while results for the Company s other joint venture operations have been mixed during the first half of fiscal 2010.

The effective tax rate for the second quarter and first six months of fiscal 2010 was 40.7 and 36.8 percent, respectively, compared to 35.3 and 34.9 percent for the comparable quarter and six months of fiscal 2009. The higher rate for both the second quarter and first six months of fiscal 2010 is primarily related to a change in the tax treatment of Medicare Part D subsidies, resulting from new health care laws recently enacted. The Company expects a full-year effective tax rate between 36.0 and 37.0 percent for fiscal 2010.

Segment Results

Net sales and operating profits for each of the Company s segments are set forth below. The Company is an integrated enterprise, characterized by substantial intersegment cooperation, cost allocations, and sharing of assets. Therefore, we do not represent that these segments, if operated independently, would report the operating profit and other financial information shown below. Additional segment financial information can be found in Note L of the Notes to Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

(in thousands)	Three Months Ended April 25, 2010	Three Months Ended April 26, 2009	% Change	Six Months Ended April 25, 2010	Six Months Ended April 26, 2009	% Change
Net Sales						
Grocery Products	$ 256,665	$ 241,684	6.2	$ 518,309	$ 483,627	7.2
Refrigerated Foods	893,470	834,062	7.1	1,785,772	1,731,486	3.1
Jennie-O Turkey Store	292,551	289,745	1.0	612,502	594,784	3.0
Specialty Foods	196,934	173,586	13.5	383,876	352,476	8.9
All Other	60,162	55,966	7.5	126,770	121,756	4.1
Total	$ 1,699,782	$ 1,595,043	6.6	$ 3,427,229	$ 3,284,129	4.4
Segment Operating Profit						
Grocery Products	$ 33,022	$ 43,677	(24.4)	$ 87,192	$ 83,312	4.7
Refrigerated Foods	55,523	51,695	7.4	125,711	97,440	29.0
Jennie-O Turkey Store	32,169	16,678	92.9	65,436	45,927	42.5
Specialty Foods	21,508	15,432	39.4	41,138	30,749	33.8
All Other	4,133	5,027	(17.8)	11,855	13,272	(10.7)
Total segment operating profit	$ 146,355	$ 132,509	10.4	$ 331,332	$ 270,700	22.4
Net interest and investment income	(5,151)	1,666	(409.2)	(11,269)	(3,398)	(231.6)
General corporate expense	(9,391)	(9,547)	1.6	(19,754)	(18,044)	(9.5)
Noncontrolling interest	673	715	(5.9)	1,735	1,509	15.0
Earnings before income taxes	$ 132,486	$ 125,343	5.7	$ 302,044	$ 250,767	20.4

Grocery Products

The Grocery Products segment consists primarily of the processing, marketing, and sale of shelf-stable food products sold predominantly in the retail market.

Grocery Products net sales increased 6.2 percent for the second quarter and 7.2 percent for the first six months of fiscal 2010 compared to the same fiscal 2009 periods. Tonnage increased 9.6 percent for the second quarter and 9.8 percent for the first six months compared to the prior year. Sales of *Hormel* chili and *Hormel Mary Kitchen* hash showed growth during the second quarter, resulting from increased distribution and the impact of the *Hormel* brand advertising campaign recently launched. Other core product lines experienced a decline in sales compared to the prior year, including the *SPAM* family of products, *Dinty Moore* stews, and bacon toppings.

The Grocery Products segment continued to benefit from the sales results of the new MegaMex joint venture. The incremental sales of Mexican products gained through this joint venture more than compensated for the discontinued sales of Carapelli olive oil and declines in other product lines. Excluding both the new MegaMex sales and the discontinued Carapelli sales, net sales for Grocery Products were relatively flat for both the second quarter and six months compared to the prior year.

Table of Contents

Adjusted segment profit for Grocery Products decreased 2.1 percent for the second quarter of fiscal 2010 and increased 16.3 percent for the six months compared to the prior year, which excludes a non-recurring charge of $9.7 million related to the closing of the Company s Valley Fresh plant (see table below). On a GAAP basis, segment profit for Grocery Products decreased 24.4 percent for the second quarter and increased 4.7 percent for the six months compared to the fiscal 2009. Higher protein costs negatively impacted profits during the second quarter, most notably for the *SPAM* family of products and chunk chicken items. Increased shipping and handling expenses were also incurred during both the second quarter and six months. The impact of pricing and promotional initiatives for other key products lines, and favorable equity in earnings results from the MegaMex joint venture, were able to mitigate a portion of the higher costs.

The following table shows the calculations to reconcile from adjusted segment profit to GAAP segment profit for Grocery Products.

(in thousands)		**Adjusted Segment Profit**		**Valley Fresh Plant Closure**		**GAAP Segment Profit**
Grocery Products Segment Profit						
Second quarter ended April 25, 2010	$	42,755	$	(9,733)	$	33,022
Six months ended April 25, 2010	$	96,925	$	(9,733)	$	87,192

Revenue growth is expected to continue for Grocery Products entering the third quarter, driven by the strength of the Mexican foods portfolio and increases on core branded items generated by the ongoing advertising campaign. However, the Company anticipates that higher input costs on core product lines may continue to negatively impact margins for Grocery Products in the latter half of fiscal 2010.

Refrigerated Foods

The Refrigerated Foods segment includes the Hormel Refrigerated, Farmer John, Burke Corporation, and Dan s Prize operating segments. This segment consists primarily of the processing, marketing, and sale of branded and unbranded pork and beef products for retail, foodservice, and fresh product customers. Results for the Hormel Refrigerated operating segment include the Precept Foods business, which offers a variety of case-ready beef and pork products to retail customers. Precept Foods, LLC, is a 51 percent owned joint venture between Hormel Foods Corporation and Cargill Meat Solutions Corporation, a wholly-owned subsidiary of Cargill, Incorporated.

Net sales for the Refrigerated Foods segment increased 7.1 percent for the second quarter and 3.1 percent for the first six months of fiscal 2010, compared to the same periods of fiscal 2009. Tonnage was flat for both the second quarter and first six months, compared to last year. Retail sales were strong for the second quarter, and foodservice sales also improved compared to recent quarters.

Segment profit for Refrigerated Foods increased 7.4 and 29.0 percent for the second quarter and first six months of fiscal 2010, respectively, compared to fiscal 2009. The Company processed 2.32 million hogs during the second quarter, which decreased slightly from the prior year. The Company had anticipated higher hog costs during the second quarter and indeed costs did rise, but more quickly and at a higher rate than expected. These higher costs negatively impacted profits for this segment s value-added businesses during the second quarter, as pricing initiatives were unable to keep pace with the corresponding cost increases. However, cutout margins for the Company s pork operations remained strong and resulted in improved profit results for the segment overall compared to the prior year.

Table of Contents

Key value-added product lines for Refrigerated Foods continued to show growth during the second quarter. In the Meat Products business unit, sales of *Hormel* party trays and *Hormel* pepperoni were particularly strong, due in part to new products, in part from the impact of the new *Hormel* brand advertising campaign, and in part from successful in-store promotional initiatives. The Company has also continued to see signs of improvement for the Foodservice business unit, with sales of *Natural Choice* deli meats, *Austin Blues* barbecue products and *Café h* ethnic products all increasing for the second quarter and six months compared to fiscal 2009.

Effective February 1, 2010, the Company also completed the acquisition of the *Country Crock*® chilled side dish business from Unilever United States Inc. This line of microwavable, refrigerated side dishes complements the Company s *Hormel* refrigerated entrées and *Lloyd s* barbeque product lines. Early efforts have been focused on working with retailers to restore momentum to this product line, and results for the second quarter have met expectations. *Country Crock*® remains a registered trademark of the Unilever Group of Companies and is being used under license.

Farmer John experienced a substantial profit improvement during the second quarter of fiscal 2010. Favorable manufacturing results were generated by the strong cutout values noted above. The Company s live hog operations also continued to show gains for the second quarter and six months due to strong hog markets, productivity gains, and lower feed expenses.

This segment expects to face challenges entering the second half of fiscal 2010. Hog supplies are currently tight and prices are expected to remain higher in the near term, while cutout margins are not expected to remain as favorable as they have been in the first half of the year. The foodservice industry appears more optimistic, but any additional sales growth for that business will likely be mitigated by the higher raw material costs. Additional pricing initiatives may be pursued across the value-added product portfolio to maintain margins going forward.

Jennie-O Turkey Store

The Jennie-O Turkey Store (JOTS) segment consists primarily of the processing, marketing, and sale of branded and unbranded turkey products for retail, foodservice, and fresh product customers.

JOTS net sales increased 1.0 percent for the second quarter and 3.0 percent for the six months of fiscal 2010, versus the comparable periods of fiscal 2009. Tonnage decreased 2.5 percent for the second quarter and increased 2.5 percent for the first six months, compared to fiscal 2009 results. Value-added sales drove the top-line increase, with net sales up 5.8 percent from the prior year second quarter. Decreased commodity and whole bird sales in fiscal 2010 offset the majority of those gains.

Segment profit for JOTS increased a substantial 92.9 percent for the second quarter and 42.5 percent for the first six months of fiscal 2010 compared to the prior year. The profit gains were driven by improvements in several areas within JOTS, including improved live production performance and reduced production costs generated by operating efficiency gains. Despite lower volumes, improved commodity meat and whole bird pricing also benefitted margin results compared to fiscal 2009.

JOTS was successful in growing its value-added businesses during the second quarter. Improvements were noted across all three of the retail, deli, and foodservice business units. Sales of *Jennie-O Turkey Store* retail tray pack line items, franks, and rotisserie deli products were particularly strong. The Company continues to generate excellent exposure for the Jennie-O Turkey Store brand through our sponsorship of The Biggest Loser television show.

Industry-wide production cuts have boosted commodity turkey prices, and the industry appears to have reached a better balance of supply and demand for both white and dark meat. The Company expects this position to be maintained during the second half of fiscal 2010. Export markets have provided excellent margins in recent months, but remain volatile. Grain prices have stabilized recently but remain a concern. The Company anticipates year over year growth for JOTS in the latter half of the fiscal year, assuming continued stability of these factors.

Table of Contents

Specialty Foods

The Specialty Foods segment includes the Diamond Crystal Brands (DCB), Century Foods International (CFI), and Hormel Specialty Products (HSP) operating segments. This segment consists of the packaging and sale of various sugar and sugar substitute products, salt and pepper products, liquid portion products, dessert mixes, ready-to-drink products, sports nutrition products, gelatin products, and private label canned meats to retail and foodservice customers. This segment also includes the processing, marketing, and sale of nutritional food products and supplements to hospitals, nursing homes, and other marketers of nutritional products.

Specialty Foods had an excellent quarter as net sales increased 13.5 percent for the second quarter and 8.9 percent for the first six months of fiscal 2010, compared to the same periods of fiscal 2009. Tonnage increased 8.1 percent for the second quarter and 4.5 percent for the first six months, compared to the prior year. Specialty Foods segment profit increased 39.4 percent in the second quarter and 33.8 percent for the first six months, compared to fiscal 2009 results.

All three operating segments within Specialty Foods contributed to the top and bottom line growth for the second quarter. The most notable gains were reported by CFI, driven by increased contract packaging of sports nutrition products and ready-to-drink items. HSP experienced gains on private label canned meat products, but rising input costs have begun to constrict margins for those items entering the third quarter. DCB profits also exceed the prior year, reflecting strong sales of sugar substitute products.

Looking forward, this segment expects to continue its positive momentum throughout fiscal 2010. However, higher input costs and competitive pricing pressures will likely reduce sales and profit growth rates below what has been experienced in the first half of the year.

All Other

The All Other segment includes the Hormel Foods International (HFI) operating segment, which manufactures, markets, and sells Company products internationally. This segment also includes various miscellaneous corporate sales.

All Other net sales increased 7.5 percent for the second quarter and 4.1 percent for the first six months of fiscal 2010, as strong sales of the *SPAM* family of products for HFI offset continued weak export sales of fresh pork. Segment profit decreased 17.8 percent and 10.7 percent for the second quarter and first six months of fiscal 2010, respectively, compared to the prior year. Rising raw material costs and continued weak demand in our key markets significantly impacted pork export margins throughout the second quarter. These market conditions are likely to persist in the near term, given the high U.S. commodity markets combined with lower markets due to higher hog numbers in key international markets. Favorable currencies, improved results from the Company s China operations, and increased overall results for the Company s international joint ventures did contribute positively to profit results for the second quarter and six months, but have been unable to offset the large pork export declines.

Unallocated Income and Expenses

The Company does not allocate investment income, interest expense, and interest income to its segments when measuring performance. The Company also retains various other income and unallocated expenses at corporate. Equity in earnings of affiliates is included in segment operating profit; however, earnings attributable to the Company s noncontrolling interests are excluded. These items are included in the segment table for the purpose of reconciling segment results to earnings before income taxes.

Net interest and investment income for the second quarter and first six months of fiscal 2010 represented a net expense of $5.2 million and $11.3 million, respectively, compared to net income of $1.7 million and a net expense of $3.4 million for the comparable quarter and six months of fiscal 2009. Fiscal 2009 results for both the second quarter and six months included a $3.6 million pretax gain recognized on the dissolution of the Company s Carapelli USA, LLC joint venture. The larger expense for fiscal 2010 also reflects lower returns on the Company s rabbi trust for supplemental executive retirement plans and deferred income plans, and

Table of Contents

additional amortization expense related to the Company s affordable housing investments. The Company anticipates difficult comparisons during the remainder of fiscal 2010 due to the strong performance of the rabbi trust investments in the latter half of fiscal 2009. Interest expense of $13.1 million for the first six months of fiscal 2010 declined from the prior year level due to outstanding borrowings against the Company s short-term line of credit in the first half of fiscal 2009. The Company anticipates that interest expense will approximate $27.0 to $28.0 million for fiscal 2010.

General corporate expense for the second quarter and first six months of fiscal 2010 was $9.4 million and $19.8 million, respectively, compared to $9.5 million and $18.0 million for the comparable periods of fiscal 2009. The increased expense for the six months primarily reflects higher unallocated pension and employee benefit expenses.

Net earnings attributable to the Company s noncontrolling interests were $0.7 million and $1.7 million for the second quarter and six months of fiscal 2010, compared to $0.7 million and $1.5 million, respectively, for the comparable periods of fiscal 2009. The increase for the six months primarily reflects improved performance from the Company s Precept Foods business.

Related Party Transactions

There has been no material change in the information regarding Related Party Transactions that was disclosed in the Company s Annual Report on Form 10-K for the fiscal year ended October 25, 2009.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $355.2 million at the end of the second quarter of fiscal year 2010 compared to $312.3 million at the end of the comparable fiscal 2009 period.

Cash provided by operating activities was $179.3 million in the first six months of fiscal 2010 compared to $264.0 million in the same period of fiscal 2009. Increased earnings were more than offset by unfavorable changes in working capital, most notably increased accounts receivable and inventory balances as compared to the second quarter of fiscal 2009.

Cash used in investing activities increased to $147.0 million in the first six months of fiscal 2010 from $42.1 million in the comparable period of fiscal 2009. Fiscal 2010 includes a $50.0 million investment in marketable securities during the second quarter. The remaining increase for the current year primarily represents the acquisition of the *Country Crock*® chilled side dish line and the Company s investment in the MegaMex joint venture. Fixed asset expenditures in the first six months of fiscal 2010 were $40.1 million compared to $45.8 million in the comparable period of fiscal 2009. The Company currently estimates its fiscal 2010 fixed asset expenditures to be approximately $105.0 to $115.0 million.

Cash used in financing activities was $62.4 million in the first six months of fiscal 2010 compared to $64.3 million in the same period of fiscal 2009. The Company used $29.8 million for common stock repurchases in first six months of fiscal 2010, compared to $10.4 million in the same period of the prior year. For additional information pertaining to the Company s share repurchase plans or programs, see Part II, Item 2 Unregistered Sales of Equity Securities and Use of Proceeds. The increased outflows related to share repurchases were offset by additional cash flows of $18.5 million generated from the Company s stock option plan in fiscal 2010, as well as a distribution to the Company s noncontrolling interest in fiscal 2009 that did not reoccur in the current year.

On May 26, 2010, the Company announced that its Board of Directors has authorized the repurchase of up to five million shares of its common stock. The repurchase program was authorized at a meeting of the Company s Board of Directors on May 24, 2010. This repurchase program is in addition to the Company s prior 10 million share repurchase program authorized in 2002, which will be fully utilized prior to commencing purchases under the new authorization.

Table of Contents

Cash dividends paid to the Company s shareholders also continue to be a significant financing activity for the Company. Dividends paid in the first six months of fiscal 2010 were $53.4 million compared to $50.4 million in the comparable period of fiscal 2009. For fiscal 2010, the annual dividend rate has been increased to $0.84 per share, representing the 44th consecutive annual dividend increase. The Company has paid dividends for 327 consecutive quarters and expects to continue doing so.

The Company is required, by certain covenants in its debt agreements, to maintain specified levels of financial ratios and balance sheet position. At the end of the second quarter of fiscal 2010, the Company was in compliance with all of these debt covenants.

Cash flow from operating activities provides the Company with its principal source of liquidity. The Company does not anticipate a significant risk to cash flow from this source in the foreseeable future because the Company operates in a relatively stable industry and has strong products across many product lines. The Company s revolving credit facility of $200.0 million was scheduled to expire in June 2010, and the Company has replaced this facility with a new revolving credit facility of $300.0 million, effective May 25, 2010.

The Company remains in a very strong cash position at end of the second quarter of fiscal 2010. The Company s priorities remain investing in the business and returning value to its shareholders, as evidenced by a consistent history of dividend increases. Although capital spending has remained below the prior year for the first half of fiscal 2010, it is expected to return to more normalized levels in the latter half, and the Company also continues to evaluate a discretionary contribution to its pension plans. Additional share repurchases and strategic acquisitions to complement existing product portfolios also remain as options that will be considered as a use of free cash flows.

Contractual Obligations and Commercial Commitments

The Company records income taxes in accordance with the provisions of ASC 740, *Income Taxes*. The Company is unable to determine its contractual obligations by year related to this pronouncement, as the ultimate amount or timing of settlement of its reserves for income taxes cannot be reasonably estimated. The total liability for unrecognized tax benefits, including interest and penalties, at April 25, 2010, was $37.8 million.

There have been no other material changes to the information regarding the Company s future contractual financial obligations that was disclosed in the Company s Annual Report on Form 10-K for the fiscal year ended October 25, 2009.

Off-Balance Sheet Arrangements

The Company currently provides a renewable standby letter of credit for $3.9 million to guarantee obligations that may arise under workers compensation claims of an affiliated party. This potential obligation is not reflected in the Company s Consolidated Statement of Financial Position.

Table of Contents

FORWARD-LOOKING STATEMENTS

This report contains forward-looking information within the meaning of the federal securities laws. The forward-looking information may include statements concerning the Company s outlook for the future as well as other statements of beliefs, future plans, strategies, or anticipated events and similar expressions concerning matters that are not historical facts.

The Private Securities Litigation Reform Act of 1995 (the Reform Act) provides a safe harbor for forward-looking statements to encourage companies to provide prospective information. The Company is filing this cautionary statement in connection with the Reform Act. When used in the Company s Annual Report to Stockholders, filings by the Company with the Securities and Exchange Commission (the Commission), the Company s press releases, and oral statements made by the Company s representatives, the words or phrases should result, believe, intend, plan are expected to, targeted, will continue, will approximate, is anticipated, estimate, project, or similar expressions are intended to identi forward-looking statements within the meaning of the Reform Act. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those anticipated or projected.

In connection with the safe harbor provisions of the Reform Act, the Company is identifying risk factors that could affect financial performance and cause the Company s actual results to differ materially from opinions or statements expressed with respect to future periods. The discussion of risk factors in Part II, Item 1A of this Quarterly Report on Form 10-Q contains certain cautionary statements regarding the Company s business, which should be considered by investors and others. Such risk factors should be considered in conjunction with any discussions of operations or results by the Company or its representatives, including any forward-looking discussion, as well as comments contained in press releases, presentations to securities analysts or investors, or other communications by the Company.

In making these statements, the Company is not undertaking, and specifically declines to undertake, any obligation to address or update each or any factor in future filings or communications regarding the Company s business or results, and is not undertaking to address how any of these factors may have caused changes to discussions or information contained in previous filings or communications. Though the Company has attempted to list comprehensively these important cautionary risk factors, the Company wishes to caution investors and others that other factors may in the future prove to be important in affecting the Company s business or results of operations.

The Company cautions readers not to place undue reliance on forward-looking statements, which represent current views as of the date made. Forward-looking statements are inherently at risk to any changes in the national and worldwide economic environment, which could include, among other things, economic conditions, political developments, currency exchange rates, interest and inflation rates, accounting standards, taxes, and laws and regulations affecting the Company and its markets.

Table of Contents

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Hog Markets: The Company s earnings are affected by fluctuations in the live hog market. To minimize the impact on earnings, and to ensure a steady supply of quality hogs, the Company has entered into contracts with producers for the purchase of hogs at formula-based prices over periods up to 15 years. Purchased hogs under contract accounted for 94 percent and 93 percent of the total hogs purchased by the Company during the first six months of fiscal 2010 and 2009, respectively. The majority of these contracts use market-based formulas based on hog futures, hog primal values, or industry reported hog markets. Under normal, long-term market conditions, changes in the cash hog market are offset by proportional changes in primal values. Therefore, a hypothetical 10 percent change in the cash hog market would have had an immaterial effect on the Company s results of operations.

Certain procurement contracts allow for future hog deliveries (firm commitments) to be forward priced. The Company generally hedges these firm commitments by using hog futures contracts. These futures contracts are designated and accounted for as fair value hedges. The change in the market value of such futures contracts is highly effective at offsetting changes in price movements of the hedged item, and the Company evaluates the effectiveness of the contracts on a regular basis. Changes in the fair value of the futures contracts, along with the gain or loss on the firm commitment, are marked-to-market through earnings and are recorded on the Consolidated Statement of Financial Position as a current asset and liability, respectively. The fair value of the Company s open futures contracts as of April 25, 2010, was $(8.6) million compared to $(1.8) million as of October 25, 2009.

The Company measures its market risk exposure on its hog futures contracts using a sensitivity analysis, which considers a hypothetical 10 percent change in market prices. A 10 percent increase in market prices would have negatively impacted the fair value of the Company s April 25, 2010, open contracts by $8.9 million, which in turn would lower the Company s future cost of purchased hogs by a similar amount.

Turkey and Hog Production Costs: The Company raises or contracts for live turkeys and hogs to meet some of its raw material supply requirements. Production costs in raising turkeys and hogs are subject primarily to fluctuations in feed prices, and to a lesser extent, fuel costs. Under normal, long-term market conditions, changes in the cost to produce turkeys and hogs are offset by proportional changes in their respective markets.

To reduce the Company s exposure to changes in grain prices, the Company utilizes a hedge program to offset the fluctuation in the Company s future direct grain purchases. This program utilizes corn and soybean meal futures and swaps, and these contracts are accounted for under cash flow hedge accounting. The open contracts are reported at their fair value with an unrealized loss of $8.8 million, before tax, on the Consolidated Statement of Financial Position as of April 25, 2010, compared to an unrealized loss of $3.0 million, before tax, as of October 25, 2009.

The Company measures its market risk exposure on its grain futures contracts and swaps using a sensitivity analysis, which considers a hypothetical 10 percent change in the market prices for grain. A 10 percent decrease in the market price for grain would have negatively impacted the fair value of the Company s April 25, 2010, open grain contracts by $16.4 million, which in turn would lower the Company s future cost on purchased grain by a similar amount.

Natural Gas: Production costs at the Company s plants and feed mills are also subject to fluctuations in fuel costs. To reduce the Company s exposure to changes in natural gas prices, the Company utilizes a hedge program to offset the fluctuation in the Company s future natural gas purchases. This program utilizes natural gas swaps, and these contracts are accounted for under cash flow hedge accounting. The open contracts are reported at their fair value with an unrealized loss of $9.5 million, before tax, on the Consolidated Statement of Financial Position as of April 25, 2010, compared to an unrealized loss of $10.9 million, before tax, as of October 25, 2009.

Table of Contents

The Company measures its market risk exposure on its natural gas contracts using a sensitivity analysis, which considers a hypothetical 10 percent change in the market prices for natural gas. A 10 percent decrease in the market price for natural gas would have negatively impacted the fair value of the Company s April 25, 2010, open natural gas contracts by $1.5 million, which in turn would lower the Company s future cost on natural gas purchases by a similar amount.

Long-Term Debt: A principal market risk affecting the Company is the exposure to changes in interest rates on the Company s fixed-rate, long-term debt. Market risk for fixed-rate, long-term debt is estimated as the potential increase in fair value, resulting from a hypothetical 10 percent decrease in interest rates, and amounts to approximately $0.4 million. The fair value of the Company s long-term debt was estimated using discounted future cash flows based on the Company s incremental borrowing rate for similar types of borrowing arrangements.

Investments: The Company holds trading securities as part of a rabbi trust to fund certain supplemental executive retirement plans and deferred income plans, and as part of an investment portfolio. The Company is subject to market risk due to fluctuations in the value of these investments, as unrealized gains and losses associated with these securities are included in the Company s net earnings on a mark-to-market basis. As of April 25, 2010, the balance of these securities totaled $156.3 million. A 10 percent decline in the value of these assets would have a direct negative impact to the Company s pretax earnings of approximately $15.6 million, while a 10 percent increase in value would have a positive impact of the same amount.

International: While the Company does have international operations and operates in international markets, it considers its market risk in such activities to be immaterial.

Item 4. Controls and Procedures

(a) Disclosure Controls and Procedures.

As of the end of the period covered by this report (the Evaluation Date), the Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Based on that evaluation, the Company s Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company s disclosure controls and procedures were effective to provide reasonable assurance that information the Company is required to disclose in reports it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Commission rules and forms, and that such information is accumulated and communicated to the Company s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Internal Controls.

During the second quarter of fiscal year 2010, there has been no change in the Company s internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

Table of Contents

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company is a party to various legal proceedings related to the on-going operation of its business. The resolution of any currently known matters is not expected to have a material effect on the Company s financial condition, results of operations, or liquidity.

Item 1A. Risk Factors

The Company s operations are subject to the general risks of the food industry.

The food products manufacturing industry is subject to the risks posed by:

- food spoilage;
- food contamination caused by disease-producing organism or pathogens, such as Listeria monocytogenes, Salmonella, and generic E coli.;
- nutritional and health-related concerns;
- federal, state, and local food processing controls;
- consumer product liability claims;
- product tampering; and
- the possible unavailability and/or expense of liability insurance.

The pathogens which may cause food contamination are found generally in the environment and thus may be present in our products as a result of food processing. These pathogens also can be introduced to our products as a result of improper handling by customers or consumers. We do not have control over proper handling procedures once our products have been shipped for distribution. If one or more of these risks were to materialize, the Company s brand and business reputation could be negatively impacted. In addition, revenues could decrease, costs of doing business could increase, and the Company s operating results could be adversely affected.

Deterioration of economic conditions could harm the Company s business.

The Company s business may be adversely affected by changes in national or global economic conditions, including inflation, interest rates, availability of capital markets, energy availability and costs (including fuel surcharges), and the effects of governmental initiatives to manage economic conditions. Decreases in consumer spending rates and shifts in consumer product preferences could also negatively impact the Company.

The recent volatility in financial markets and the deterioration of national and global economic conditions could impact the Company s operations as follows:

- The financial stability of our customers and suppliers may be compromised, which could result in additional bad debts for the Company or non-performance by suppliers;

- The value of our investments in debt and equity securities may decline, including most significantly the Company s trading securities held as part of a rabbi trust to fund supplemental executive retirement plans and deferred income plans, and the Company s assets held in pension plans; and

- It may become more costly or difficult to obtain financing to fund operations or investment opportunities, or to refinance the Company s debt in the future.

The Company also utilizes hedging programs to reduce its exposure to various commodity market risks, which qualify for hedge accounting for financial reporting purposes. Volatile fluctuations in market conditions could cause these instruments to become ineffective, which could require any gains or losses associated with these instruments to be reported in the Company s earnings each period. These instruments may also limit the Company s ability to benefit from market gains if commodity prices become more favorable than those that have been secured under the Company s hedging programs.

Table of Contents

Additionally, if a high pathogenic disease outbreak developed in the United States, it may negatively impact the national economy, demand for Company products, and/or the Company s workforce availability, and the Company s financial results could suffer. The Company has developed contingency plans to address infectious disease scenarios and the potential impact on its operations, and will continue to update these plans as necessary. There can be no assurance given, however, that these plans will be effective in eliminating the negative effects of any such diseases on the Company s operating results. Specifically in regard to the H1N1 virus, a more extensive outbreak of the disease itself as well as adverse publicity associated with the inaccurate naming of the disease as swine flu could impact future operating results. Perceived risks of the virus following an outbreak may cause a reduced demand for pork or create additional import bans restricting distribution of the Company s products internationally.

Fluctuations in commodity prices of pork, poultry, and feed ingredients could harm the Company s earnings.

The Company s results of operations and financial condition are largely dependent upon the cost and supply of pork, poultry, and feed grains as well as the selling prices for many of our products, which are determined by constantly changing market forces of supply and demand.

The live hog industry has evolved to very large, vertically integrated, year-round confinement operations operating under long-term supply agreements. This has resulted in fewer hogs being available on the cash spot market. The decrease in the supply of live hogs on the cash spot market could diminish the utilization of harvest facilities and increase the cost of the raw materials they produce. Consequently, the Company uses long-term supply contracts to ensure a stable supply of raw materials while minimizing extreme fluctuations in costs over the long term. This may result, in the short term, in costs for live hogs that are higher than the cash spot market depending on the relationship of the cash spot market to contract prices. Market-based pricing on certain product lines, and lead time required to implement pricing adjustments, may prevent these cost increases from being recovered, and these higher costs could adversely affect our short-term financial results.

Jennie-O Turkey Store raises turkeys and also contracts with turkey growers to meet its raw material requirements for whole birds and processed turkey products. Additionally, the Company owns various hog raising facilities that supplement its supply of raw materials. Results in these operations are affected by the cost and supply of feed grains, which fluctuate due to climate conditions, production forecasts, and supply and demand conditions at local, regional, national, and worldwide levels. The Company attempts to manage some of its short-term exposure to fluctuations in feed prices by using futures contracts and pursuing pricing advances. However, these strategies may not be adequate to overcome sustained increases in market prices due to alternate uses for feed grains or other systemic changes in the industry.

Outbreaks of disease among livestock and poultry flocks could harm the Company s revenues and operating margins.

The Company is subject to risks associated with the outbreak of disease in pork and beef livestock, and poultry flocks, including Bovine Spongiform Encephalopathy (BSE), pneumo-virus, Porcine Circovirus 2 (PCV2), Porcine Reproduction & Respiratory Syndrome (PRRS), Foot-and-Mouth Disease (FMD), and Avian Influenza. The outbreak of disease could adversely affect the Company s supply of raw materials, increase the cost of production, and reduce operating margins. Additionally, the outbreak of disease may hinder the Company s ability to market and sell products both domestically and internationally. The Company has developed business continuity plans for various disease scenarios and will continue to update these plans as necessary. There can be no assurance given, however, that these plans will be effective in eliminating the negative effects of any such diseases on the Company s operating results.

Table of Contents

Market demand for the Company s products may fluctuate due to competition from other producers.

The Company faces competition from producers of alternative meats and protein sources, including beef, chicken, and fish. The bases on which the Company competes include:

- price;
- product quality;
- brand identification;
- breadth of product line; and
- customer service.

Demand for the Company s products is also affected by competitors promotional spending and the effectiveness of the Company s advertising and marketing programs. The Company may be unable to compete successfully on any or all of these bases in the future.

The Company s operations are subject to the general risks associated with acquisitions.

The Company has made several acquisitions in recent years and regularly reviews opportunities for strategic growth through acquisitions. Potential risks associated with acquisitions include the inability to integrate new operations successfully, the diversion of management s attention from other business concerns, the potential loss of key employees and customers of the acquired companies, the possible assumption of unknown liabilities, potential disputes with the sellers, potential impairment charges if purchase assumptions are not achieved or market conditions decline, and the inherent risks in entering markets or lines of business in which the Company has limited or no prior experience. Any or all of these risks could impact the Company s financial results and business reputation. In addition, acquisitions outside the United States may present unique challenges and increase the Company s exposure to the risks associated with foreign operations.

The Company s operations are subject to the general risks of litigation.

The Company is involved on an ongoing basis in litigation arising in the ordinary course of business. Trends in litigation may include class actions involving competitors, consumers, shareholders, or injured persons, and claims relating to patent infringement, labor, employment, or environmental matters. Litigation trends and the outcome of litigation cannot be predicted with certainty and adverse litigation trends and outcomes could adversely affect the Company s financial results.

Government regulation, present and future, exposes the Company to potential sanctions and compliance costs that could adversely affect the Company s business.

The Company s operations are subject to extensive regulation by the U.S. Department of Homeland Security, the U.S. Department of Agriculture, the U.S. Food and Drug Administration, federal and state taxing authorities, and other state and local authorities that oversee workforce immigration laws, tax regulations, food safety standards, and the processing, packaging, storage, distribution, advertising, and labeling of the Company s products. The Company s manufacturing facilities and products are subject to constant inspection by federal, state, and local authorities. Claims or enforcement proceedings could be brought against the Company in the future. Additionally, the Company is subject to new or modified laws, regulations, and accounting standards. The Company s failure or inability to comply with such requirements could subject the Company to civil remedies, including fines, injunctions, recalls, or seizures, as well as potential criminal sanctions.

Table of Contents

The Company is subject to stringent environmental regulation and potentially subject to environmental litigation, proceedings, and investigations.

The Company s past and present business operations and ownership and operation of real property are subject to stringent federal, state, and local environmental laws and regulations pertaining to the discharge of materials into the environment, and the handling and disposition of wastes (including solid and hazardous wastes) or otherwise relating to protection of the environment. Compliance with these laws and regulations, and the ability to comply with any modifications to these laws and regulations, is material to the Company s business. New matters or sites may be identified in the future that will require additional investigation, assessment, or expenditures. In addition, some of the Company s facilities have been in operation for many years and, over time, the Company and other prior operators of these facilities may have generated and disposed of wastes that now may be considered hazardous. Future discovery of contamination of property underlying or in the vicinity of the Company s present or former properties or manufacturing facilities and/or waste disposal sites could require the Company to incur additional expenses. The occurrence of any of these events, the implementation of new laws and regulations, or stricter interpretation of existing laws or regulations, could adversely affect the Company s financial results.

The Company s foreign operations pose additional risks to the Company s business.

The Company operates its business and markets its products internationally. The Company s foreign operations are subject to the risks described above, as well as risks related to fluctuations in currency values, foreign currency exchange controls, compliance with foreign laws, and other economic or political uncertainties. International sales are subject to risks related to general economic conditions, imposition of tariffs, quotas, trade barriers and other restrictions, enforcement of remedies in foreign jurisdictions and compliance with applicable foreign laws, and other economic and political uncertainties. All of these risks could result in increased costs or decreased revenues, which could adversely affect the Company s financial results.

Deterioration of labor relations or increases in labor costs could harm the Company s business.

The Company has approximately 18,500 employees, of which approximately 6,200 are represented by labor unions, principally the United Food and Commercial Workers Union. A significant increase in labor costs or a deterioration of labor relations at any of the Company s facilities that results in work slowdowns or stoppages could harm the Company s financial results. There are no union contracts scheduled to expire during the remainder of fiscal 2010 that have not already been successfully renegotiated.

Table of Contents

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities in the Second Quarter of Fiscal 2010

Period	Total Number of Shares Purchased(1)		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs(2)
January 25, 2010 February 28, 2010	10,000		41.42	10,000	686,955
March 1, 2010 March 28, 2010	200,000		41.51	200,000	486,955
March 29, 2010 April 25, 2010	120,060		41.92	120,000	366,955
Total	330,060	$	41.65	330,000	

(1) The 60 shares repurchased during the second quarter, other than through publicly announced plans or programs, represent purchases for the Company s employee awards program.

(2) On October 2, 2002, the Company announced that its Board of Directors had authorized the Company to repurchase up to 10,000,000 shares of common stock with no expiration date.

Item 5. Other Information

The Company conducted its annual shareholders meeting on January 26, 2010. The information contained in Part II, Item 5 of the Company s Form 10-Q for the quarterly period ended January 24, 2010, is incorporated herein by reference.

Item 6. Exhibits

31.1	Certification Required Under Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification Required Under Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HORMEL FOODS CORPORATION
(Registrant)

Date: June 4, 2010 By /s/ JODY H. FERAGEN
JODY H. FERAGEN
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: June 4, 2010 By /s/ JAMES N. SHEEHAN
JAMES N. SHEEHAN
Vice President and Controller
(Duly Authorized Officer)