

HORMEL FOODS CORP /DE/  
Form 11-K  
April 18, 2019  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 11-K

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

For the fiscal year ended October 28, 2018

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-2402

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

Hormel Foods Corporation Tax Deferred Investment Plan A

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

Hormel Foods Corporation  
1 Hormel Place  
Austin, MN 55912

507-437-5611

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Hormel Foods Corporation  
Tax Deferred Investment Plan A

Audited Financial Statements and Supplemental Schedule

Years Ended October 28, 2018 and October 29, 2017

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Report of Independent Registered Public Accounting Firm  
The Hormel Foods Corporation Employee Benefits Committee  
Hormel Foods Corporation Tax Deferred Investment Plan A  
Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Hormel Foods Corporation Tax Deferred Investment Plan A (the Plan) as of October 28, 2018 and October 29, 2017, and the related statement of changes in net assets available for benefits for the year ended October 28, 2018, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at October 28, 2018 and October 29, 2017, and the changes in its net assets available for benefits for the year ended October 28, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Schedule

The accompanying supplemental schedule of assets (held at end of year) as of October 28, 2018, have been subjected to audit procedures performed in conjunction with the audit of the Hormel Foods Corporation Tax Deferred Investment Plan A’s financial statements. The information in the supplemental schedule is the responsibility of the Plan’s management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental

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schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1986.

Minneapolis, Minnesota

April 18, 2019

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Tax Deferred Investment Plan A

## Statements of Net Assets Available for Benefits

	October 28, 2018	October 29, 2017
Assets		
Investments:		
Investments at fair value	\$667,164,072	\$621,569,562
Investments at contract value	181,743,465	162,026,918
Total investments	848,907,537	783,596,480
Receivables:		
Contributions from Hormel Foods Corporation	1,247,210	1,360,499
Contributions from participants	685,966	634,400
Promissory notes from participants	10,898,334	10,022,944
Interest and dividend income	764,820	764,278
Total receivables	13,596,330	12,782,121
Net assets available for benefits	\$862,503,867	\$796,378,601

See accompanying notes to the financial statements.

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Tax Deferred Investment Plan A

## Statements of Changes in Net Assets Available for Benefits

	Year Ended October 28, 2018	Year Ended October 29, 2017
Additions:		
Contributions from Hormel Foods Corporation	\$15,360,827	\$14,930,408
Contributions from participants	35,416,485	34,299,540
Employee rollover	14,898,825	4,186,290
Interest and dividend income	19,307,361	14,978,960
Interest income – promissory notes receivable	626,147	536,174
Total additions	85,609,645	68,931,372
Deductions:		
Distributions	54,181,691	44,675,862
Administrative expenses	386,356	305,490
Total deductions	54,568,047	44,981,352
Net realized and unrealized appreciation in fair value of investments	35,083,668	36,623,695
Net additions	66,125,266	60,573,715
Net assets available for benefits at beginning of year	796,378,601	735,804,886
Net assets available for benefits at end of year	\$862,503,867	\$796,378,601

See accompanying notes to the financial statements.

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Hormel Foods Corporation  
Tax Deferred Investment Plan A

Notes to the Financial Statements

October 28, 2018

1. Description of the Plan

The following description of the Hormel Foods Corporation Tax Deferred Investment Plan A (the Plan) provides only general information. Participants should refer to the plan document or summary plan description for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan covering certain employees of Hormel Foods Corporation (the Company or the Sponsor) and eligible subsidiaries. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Eligibility - Employees in recognized employment, as defined by the Plan, become participants upon completing six months and 500 hours of eligibility service.

Contributions - Employees who elect to contribute to the Plan can authorize a deduction of 1% to 50% of their pre-tax and/or after tax compensation, subject to Internal Revenue Service (IRS) limitations. Eligible employees who have not enrolled shall be deemed to have automatically elected to contribute 5% of their pre-tax compensation to the Plan through payroll deductions. Participants automatically enrolled will have their contribution percentage increased by 1% each year up to a maximum of 10% of eligible compensation. Participants receive advance notice of their right to elect out of both of these automatic plan features and are permitted to stop or change either feature at any time.

The Company provides a matching contribution of 100% of the first 3% plus 50% of the next 2% of each participant's eligible compensation deferred to the Plan.

Certain eligible participants receive an employer discretionary award according to the terms of the Plan.

Participant Accounts - Individual accounts are maintained for each plan participant. Each participant's account is credited with the participant's contributions, the employer's contributions, and an allocation of the earnings and losses for the participant's selected investment funds. The participant's account is charged with an allocation of administrative expenses if the employer does not pay those expenses from its own assets. Allocations are based on account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Investments - Contributions to the Plan are invested in one or more investment funds at the option of the participant. The Plan contains a diversified selection of funds intended to satisfy Section 404(c) of ERISA. Participants may also invest in self-directed brokerage accounts.

Vesting - Participant and employer matching contributions are fully vested immediately. Participants are fully vested after three years of vesting service for employer discretionary contributions.

Payment of Benefits - Benefits are payable upon termination of service due to death, disability, termination, or retirement. Participants may elect to receive the vested interest of their accounts in the

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form of a lump sum, annuity, partial payments, or installments. Complete details of payment provisions are described in a summary plan description, available from the Sponsor.

**Forfeitures and Unallocated Assets** - Forfeited balances of terminated participants' non-vested accounts are used to reduce future employer contributions or plan administrative expenses. Forfeitures used to reduce employer contributions and plan administrative expenses for the years ended October 28, 2018 and October 29, 2017, totaled \$84,478 and \$146,499, respectively. Forfeited accounts and unallocated assets (e.g. loan repayments, rollovers) as of October 28, 2018 and October 29, 2017 were \$13,984 and \$29,907, respectively.

**Notes Receivable from Participants** - Participants may borrow from their accounts a minimum of \$500 up to a maximum of the lesser of \$50,000 or 50% of their vested account balances. Loan terms range from one year to five years or up to 15 years for the purchase of a primary residence. The interest rate is 2% over the prime rate of interest published in The Wall Street Journal on the date the loan is granted or, if the loan is for a primary residence, on the date the loan is requested. The loans are secured by the balance in the participant's account. Participants are required to make repayments of principal and interest through payroll deductions. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

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

2. Significant Accounting Policies

**Basis of Accounting** - The accounting records of the Plan are maintained on the accrual basis.

**Investment Valuation and Income Recognition** - Investments held by the Plan are stated at fair value with the exception of fully benefit-responsive investment contracts. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Contract value reflects the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan and is the relevant measure for the portion of assets attributable to fully benefit-responsive investment contracts. See Note 3 - Fair Value Measurements for further discussion of investment valuation.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Payment of Benefits** - Benefit payments to participants are recorded upon distribution. There were no distributions payable to participants as of October 28, 2018 or October 29, 2017.

**Notes Receivable from Participants** - Promissory notes receivable from participants are valued at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. No allowance for credit losses has been recorded as of October 28, 2018 or October 29, 2017.



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Administrative Expenses - All costs and expenses of administering the Plan are paid by the Plan or the Employer.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States (US GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Risks and Uncertainties - The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Recent Accounting Pronouncements - In August, 2018, FASB issued ASU 2018-13, Fair Value Measurement - Disclosure Framework (Topic 820). The updated guidance improves the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Plan is currently assessing the timing and impact of adopting the updated provisions.

### 3. Fair Value Measurements

Accounting guidance establishes a framework for measuring fair value. That framework classifies assets and liabilities measured at fair value into one of three levels based on the lowest level of input significant to the valuation. 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.

• 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 following is a description of the valuation methodologies used for instruments held by the Plan measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

#### Non-Pooled Separate Account

The non-pooled separate account consists of common stock of the Company, which is valued at the last reported sales price on the last business day of the year, and a portion of uninvested cash, which is reported at carrying value as maturities are less than three months. This non-pooled separate account is deemed to be a Level 1 investment.

Participants are authorized to invest up to 100% of the fair value of their net assets available for benefits in this fund.

The Company has implemented a dividend pass through election for its participants.

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As directed by State Street Global Advisors, the Plan's independent fiduciary, the trustee will vote any allocated shares for which it has not received a voting instruction from the participant, as well as any unallocated shares, in the same proportion as those allocated shares for which participants have provided their voting instructions, unless contrary to ERISA. For tender or exchange offers, participants shall have the same rights as for voting, except that any shares for which participants have not provided a tender or exchange direction, will not be tendered or exchanged.

This fund is approximately 18% and 17% of the total investments in the Plan at October 28, 2018 and October 29, 2017, respectively.

### Self-Directed Brokerage Assets

The self-directed brokerage assets consist of common stock and mutual funds, which are valued at the last reported sales price on the last business day of the year, and uninvested cash, which is recorded at carrying value as maturities are less than three months. These assets are deemed to be a Level 1 investment.

### Separate Trust Accounts - Mutual Funds

The mutual funds are held in separate investment accounts, which are valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, which include a mix of U.S. and international equities, fixed income investments, and cash. There are no restrictions on redemptions and no unfunded commitments.

• The U.S. equities investments include a mix of predominately U.S. common stocks, bonds, and cash.

• The international equities investment includes a mix of predominately foreign common stocks and cash.

• The fixed income investment includes a mix of domestic and foreign securities, including corporate obligations, government securities, mortgage-backed and other asset-backed securities, preferred stocks, and cash.

### Separate Trust Accounts - Collective Trust Funds

The collective trust funds are held in separate investment accounts, which are valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, which include a mix of U.S. and international equities, fixed income investments, and cash. There are no restrictions on redemptions and no unfunded commitments.

The LifePath funds are target retirement date funds and include investments in highly diversified funds designed to remain appropriate for investors in terms of risk through a variety of life circumstances. These funds contain a mix of domestic and foreign equities, fixed income investments, and cash.

• The U.S. equities funds include a mix of predominately U.S. common stocks, bonds, and cash.

• The international equities fund includes a mix of predominately foreign common stocks and cash.

• The fixed income fund includes a mix of domestic and foreign securities, including corporate obligations, government securities, mortgage-backed and other asset-backed securities, domestic and foreign common stocks, and cash.

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The investments of the Plan that are measured at fair value on a recurring basis as of October 28, 2018 and October 29, 2017, and their level within the fair value hierarchy, are as follows:

	Fair Value Measurements at October 28, 2018			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at fair value:				
Non-pooled separate account:				
Hormel Foods Corporation Stock Fund	\$ 153,380,099	\$ 153,380,099	\$ —	—
Self-directed brokerage accounts	15,694,069	15,694,069	—	—
Total investments in the fair value hierarchy	169,074,168	\$ 169,074,168	\$ —	—
Investments measured at net asset value:				
Separate trust accounts:				
Mutual funds	179,361,398			
Collective trusts	318,728,506			
Total separate trust accounts	498,089,904			
Total investments at fair value	\$ 667,164,072			

	Fair Value Measurements at October 29, 2017			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at fair value:				
Non-pooled separate account:				
Hormel Foods Corporation Stock Fund	\$ 131,112,511	\$ 131,112,511	\$ —	—
Self-directed brokerage accounts	16,658,877	16,658,877	—	—
Total investments in the fair value hierarchy	147,771,388	\$ 147,771,388	\$ —	—
Investments measured at net asset value:				
Separate trust accounts:				
Mutual funds	174,256,901			
Collective trusts	299,541,273			
Total separate trust accounts	473,798,174			
Total investments at fair value	\$ 621,569,562			

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4. Fully Benefit-Responsive Investment Contract

The General Investment Account is a fully benefit-responsive investment and is reported at contract value in the statements of net assets available for benefits. The statements of changes in net assets available for benefits are also prepared on a contract value basis. Benefit responsiveness is defined as the extent to which a contract's terms and the Plan permit or require participant-initiated withdrawals at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals, and administrative expenses.

The fully benefit-responsive investment contract with Massachusetts Mutual Life Insurance Company (MassMutual) is a general account evergreen group annuity contract. MassMutual maintains the contributions in a general account. Specific securities within the general account are not attributed to the investment contract with the Plan. The Plan owns a series of guarantees that are embedded in the insurance contract. The contractual guarantees are backed up by the full faith and credit of MassMutual, the contract issuer. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. MassMutual is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer and includes such factors as the investment-year method experience of the underlying contract or pool, projected levels of cash flows within the current interest rate environment, and the projected maturity of the underlying investments. Such interest rates are reviewed on a semiannual basis for resetting.

The investment option for the General Investment Account is a Guaranteed Interest Account, provided through a group annuity contract. This contract does not allow the insurance company to terminate the agreement prior to a breach of the contract terms by the investor. The Plan may terminate the contract on the contract anniversary date with 90 days prior notice.

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (i) amendments to the plan documents (including complete or partial plan termination or merger with another plan); (ii) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions; (iii) bankruptcy of the Sponsor or other Sponsor event (e.g., divestures or spin-offs of a subsidiary) that causes a significant withdrawal from the Plan; or (iv) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with participants, is probable.

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5. Income Tax Status

The Plan has received a determination letter from the IRS dated May 24, 2017, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and therefore, believes the Plan, as amended, is qualified and the related trust is tax exempt.

U.S. GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Plan management has analyzed the tax positions taken by the Plan, and has concluded that there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. Related Parties

The Plan maintains the following investments that qualify as party-in-interest transactions:

• collective trust funds managed by State Street Global Markets, LLC;

• common stock of Hormel Foods Corporation; and

• General Investment Account of the record keeper, the Massachusetts Mutual Life Insurance Company.

These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA.

7. Subsequent Events

Management evaluated subsequent events for the Plan through April 18, 2019, the date the financial statements were available to be issued.

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Hormel Foods Corporation  
Tax Deferred Investment Plan A

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)  
EIN: 41-0319970 Plan Number: 050

October 28, 2018

Identity of Issuer, Borrower, Lessor, or Similar Party	Number of Shares/Units Held	Current Value
Insurance company general account: Massachusetts Mutual Life Insurance Company*: General Investment Account, contract value	7,803,746 units	\$ 181,743,465
Non-pooled separate account: State Street Corporation*: Hormel Foods Corporation Stock Fund*	1,533,604 units	153,380,099
Separate trust accounts: State Street Corporation*:		
BlackRock Equity Index S&P 500	2,887,172 units	52,724,804
BlackRock LifePath Index 2020	2,067,618 units	25,785,769
BlackRock LifePath Index 2025	3,057,058 units	39,285,776
BlackRock LifePath Index 2030	2,744,256 units	36,240,134
BlackRock LifePath Index 2035	2,196,748 units	29,754,631
BlackRock LifePath Index 2040	2,085,323 units	28,829,384
BlackRock LifePath Index 2045	1,411,761 units	19,797,370
BlackRock LifePath Index 2050	1,086,067 units	15,364,006
BlackRock LifePath Index 2055	838,076 units	11,908,890
BlackRock LifePath Index 2060	258,709 units	3,064,502
BlackRock LifePath Index Retirement	1,005,806 units	12,108,866
BlackRock MSCI ACWI ex-US Index	637,936 units	7,213,844
BlackRock Russell 2500 Index	623,899 units	10,181,734
BlackRock US Debt Index	640,679 units	6,956,835
DFA US Large Cap Value Fund	1,320,748 units	47,929,961
Dodge & Cox International Stock Fund	746,694 units	29,681,092
Harbor Capital Appreciation	785,036 units	56,585,393
Meridian Small Cap Growth Fund	2,592,707 units	45,164,952
Prudential Core Plus Bond CIT	1,762,640 units	19,511,961
Total separate trust accounts		498,089,904
Self-directed brokerage assets Charles Schwab & Co.		15,694,069
Promissory notes*	Varying maturity dates with interest rates ranging from 5.25% to 10.25%	10,898,334

Total assets (held at end of year)

\$859,805,871

\*Indicates a party-in-interest to the Plan.

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EXHIBIT INDEX

Exhibit  
Number Description

23      Consent of Independent Registered Public Accounting Firm

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

HORMEL FOODS CORPORATION  
TAX DEFERRED INVESTMENT PLAN A

Date: April 18, 2019 By: /s/ JAMES N. SHEEHAN  
JAMES N. SHEEHAN  
Executive Vice President and Chief Financial Officer,  
Hormel Foods Corporation