

HORMEL FOODS CORP /DE/
Form 11-K
April 25, 2014
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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 27, 2013

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 B

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 B

Audited Financial Statements and Supplemental Schedule

Years Ended October 27, 2013 and October 28, 2012

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Report of Independent Registered Public Accounting Firm

The Employee Benefits Committee

Hormel Foods Corporation Tax Deferred Investment Plan B

We have audited the accompanying statements of net assets available for benefits of the Hormel Foods Corporation Tax Deferred Investment Plan B (the Plan) as of October 27, 2013 and October 28, 2012, and the related statement of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at October 27, 2013 and October 28, 2012, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of October 27, 2013, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Minneapolis, Minnesota
April 25, 2014

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Hormel Foods Corporation
Tax Deferred Investment Plan B

Statements of Net Assets Available for Benefits

	October 27, 2013	October 28, 2012
Assets		
Investments, at fair value	\$ 169,981,619	\$ 141,489,730
Receivables:		
Contributions from Hormel Foods Corporation	439,015	421,137
Contributions from participants	384,195	392,367
Promissory notes from participants	5,910,403	5,350,168
Total receivables	6,733,613	6,163,672
Net assets available for benefits, at fair value	176,715,232	147,653,402
Adjustment from fair value to contract value for interest in fully benefit-responsive investment contracts	(3,651,030)	(5,760,901)
Net assets available for benefits	\$ 173,064,202	\$ 141,892,501

See accompanying notes.

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Hormel Foods Corporation
Tax Deferred Investment Plan B

Statements of Changes in Net Assets Available for Benefits

	Year Ended October 27, 2013	Year Ended October 28, 2012
Additions:		
Contributions from Hormel Foods Corporation	\$ 1,231,223	\$ 995,535
Contributions from participants	6,194,263	5,679,326
Employee rollover	390,515	99,848
Investment income	1,491,579	1,201,070
Interest income promissory notes receivable	288,982	279,596
Total additions	9,596,562	8,255,375
Deductions:		
Distributions	11,592,526	5,339,660
Administrative expenses	130,645	130,221
Total deductions	11,723,171	5,469,881
Net realized and unrealized appreciation in fair value of investments	33,298,310	3,202,526
Net additions	31,171,701	5,988,020
Net assets available for benefits at beginning of year	141,892,501	135,904,481
Net assets available for benefits at end of year	\$ 173,064,202	\$ 141,892,501

See accompanying notes.

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Hormel Foods Corporation
Tax Deferred Investment Plan B

Notes to Financial Statements

October 27, 2013

1. Significant Accounting Policies

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

Investments held by the Plan are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The Plan records financial assets and liabilities at fair value.

The Hormel Foods Corporation Employee Benefits Committee (the Committee) is responsible for determining the Plan's valuation policies and analyzing information provided by the investment advisors and record keeper that is used to determine the fair value of the Plan's investments. The Committee is comprised of officers and a director of the Company and reports to the compensation committee of the Company. For investments categorized within Level 3 of the fair value hierarchy, the Committee utilizes the record-keeper to obtain information on the fair value of these assets. The record-keeper employs third-party pricing services and obtains selected support from their portfolio managers to determine daily valuations and investment returns. See Note 3 for further discussion of fair value measurements.

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*

(ASU 2011-04). ASU 2011-04 amended Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* (ASC 820), to converge the fair value measurement guidance in U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards. Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional fair value disclosures (although certain of these new disclosures will not be required for nonpublic entities). The guidance in ASU 2011-04 has been fully adopted for the Plan year ended October 27, 2013. The adoption of this guidance had no material impact on the financial statements.

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

The preparation of financial statements in conformity with U.S. 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.

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Hormel Foods Corporation
Tax Deferred Investment Plan B

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. 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.

2. Description of the Plan

The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan's year-end is the last Sunday of October.

The Plan is a contributory, defined-contribution plan covering nonexempt hourly employees of the Company and certain eligible subsidiaries who have completed one year of eligibility service. A year of eligibility service would be a year beginning with the first day of employment in which an employee worked 1,000 hours or any subsequent fiscal year in which an employee works 1,000 hours.

Employees who elect to become members of the Plan authorize a deduction of 1% to 50% of their compensation for each pay period, subject to Internal Revenue Service (IRS) limitations. Effective September 12, 2011, certain participants of the Plan are deemed to be automatically enrolled in the Plan at the current rate of 2% of their compensation for each pay period. The Plan contains a diversified selection of funds intended to satisfy Section 404(c) of ERISA. Eligible employees receive company-matching contributions according to the terms of their subscribing employer plan agreement.

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

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Hormel Foods Corporation
Tax Deferred Investment Plan B

Notes to Financial Statements (continued)

2. Description of the Plan (continued)

Employee contributions are always 100% vested in the participants' Plan accounts. Employer contributions are 100% vested for those participants hired prior to January 1, 2012, except for Dan's Prize Inc. employees who have a three-year cliff vesting schedule for employer discretionary contributions. Effective September 12, 2011, for eligible participants hired on or after January 1, 2012, employer-matching contributions will vest 100% after three years of vesting service. Forfeitures used to reduce employer contributions for the years ended October 27, 2013 and October 28, 2012, were \$3,025 and \$21,261, respectively. Cumulative forfeited non-vested accounts as of October 27, 2013 and October 28, 2012, were \$7,508 and \$6,813, respectively.

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

Promissory notes receivable are loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Participants may borrow from their fund accounts a minimum of \$500 up to a maximum of the lesser of \$50,000 or 50% of their account balances. Loan terms range from one year to five years or up to 15 years for the purchase of a primary residence. The loans are secured by the balance in the participant's account. 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. Principal and interest are paid ratably through payroll deductions. No allowance for credit losses has been recorded as of October 27, 2013 or October 28, 2012. 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.

The employer may, at its sole discretion, discontinue contributions or terminate the Plan at any time, without the consent of any participant or beneficiary subject to restrictions set by the collective bargaining agreement and 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.

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Hormel Foods Corporation
Tax Deferred Investment Plan B

Notes to Financial Statements (continued)

3. Investments and Fair Value Measurement

During the years ended October 27, 2013 and October 28, 2012, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in fair value as follows:

	Year Ended October 27, 2013	Year Ended October 28, 2012
Net appreciation (depreciation) in fair value during the year:		
Non-pooled separate account (containing the Company's common stock)	\$ 23,711,277	\$ (15,546)
Pooled separate accounts	4,458,741	2,599,124
Mutual funds	2,924,126	
Collective trusts	1,214,548	
Separate trust accounts	986,510	618,948
Self-directed brokerage accounts	3,108	
	\$ 33,298,310	\$ 3,202,526

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Hormel Foods Corporation
 Tax Deferred Investment Plan B

Notes to Financial Statements (continued)

3. Investments and Fair Value Measurement (continued)

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

	October 27, 2013	October 28, 2012
Non-pooled separate account:		
State Street Corporation:		
Hormel Foods Corporation Stock Fund	\$ 69,063,944	\$ 50,924,377
Insurance company general account:		
Massachusetts Mutual Life Insurance Company:	43,327,513	43,864,622
General Investment Account		
Pooled separate accounts:		