

HORMEL FOODS CORP /DE/
Form 11-K
April 26, 2013
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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, 2012

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:

Jennie-O Turkey Store Retirement Savings Plan

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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Jennie-O Turkey Store Retirement Savings Plan

Audited Financial Statements and Supplemental Schedule

Years Ended October 28, 2012 and October 30, 2011

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Report of Independent Registered Public Accounting Firm

The Employee Benefits Committee and the Trustees

Jennie-O Turkey Store Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Jennie-O Turkey Store Retirement Savings Plan as of October 28, 2012 and October 30, 2011, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at October 28, 2012 and October 30, 2011, 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 28, 2012, 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 is the responsibility of the Plan's management. The 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.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
April 26, 2013

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Jennie-O Turkey Store Retirement Savings Plan

Statements of Net Assets Available for Benefits

	October 28, 2012	October 30, 2011
Assets		
Investments, at fair value	\$ 121,060,921	\$ 109,537,787
Receivables:		
Contributions from Jennie-O Turkey Store	178,267	149,300
Contributions from participants	202,986	94,385
Promissory notes from participants	10,115,366	9,092,410
Total receivables	10,496,619	9,336,095
Total assets, at fair value	131,557,540	118,873,882
Liabilities		
Administrative fees payable	67,121	47,385
Net assets available for benefits, at fair value	131,490,419	118,826,497
Adjustment from fair value to contract value for interest in fully benefit-responsive investment contracts	(665,524)	(485,312)
Net assets available for benefits	\$ 130,824,895	\$ 118,341,185

See accompanying notes.

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Jennie-O Turkey Store Retirement Savings Plan

Statements of Changes in Net Assets Available for Benefits

	Year Ended October 28, 2012	Year Ended October 30, 2011
Additions:		
Contributions from Jennie-O Turkey Store	\$ 7,680,735	\$ 7,610,911
Contributions from participants	5,329,032	5,108,301
Employee rollover	9,618	16,380
Investment income	3,335,935	3,578,240
Interest income promissory notes receivable	390,468	361,473
Total additions	16,745,788	16,675,305
Deductions:		
Distributions	8,486,993	9,421,367
Administrative expenses	371,179	334,514
Total deductions	8,858,172	9,755,881
Net realized and unrealized appreciation in fair value of investments	4,596,094	1,493,072
Net additions	12,483,710	8,412,496
Net assets available for benefits at beginning of year	118,341,185	109,928,689
Net assets available for benefits at end of year	\$ 130,824,895	\$ 118,341,185

See accompanying notes.

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Jennie-O Turkey Store Retirement Savings Plan

Notes to Financial Statements

October 28, 2012

1. Significant Accounting Policies

The accounting records of the Jennie-O Turkey Store Retirement Savings Plan (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. See Note 3 for further discussion of fair value measurements.

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 amended Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* (ASC 820), to clarify certain existing fair value disclosures and to require a number of additional disclosures. The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each class of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. ASU 2010-06 also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2, and 3 of the fair value hierarchy and to present information regarding the purchases, sales, issuances, and settlements of Level 3 assets and liabilities on a gross basis. The guidance in ASU 2010-06 has been fully adopted for the plan year ending October 28, 2012.

In May 2011, the 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 ASC 820 to converge the fair value measurement guidance in U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs). 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 amendments are to be applied prospectively and are effective for the plan year beginning October 29, 2012. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

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Jennie-O Turkey Store Retirement Savings Plan

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

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 principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Description of the Plan

The following description of 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.

The Plan is a contributory defined-contribution plan covering substantially all nonexempt employees of Jennie-O Turkey Store, Inc. (the Company) who have completed 180 days of continuous service. 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.

Each year, participants may contribute up to 50% of pretax annual compensation, subject to Internal Revenue Service (IRS) limitations, as defined in the Plan. An eligible employee who has not made an election to participate shall be deemed a member of the Plan and will automatically contribute 2% to the Plan through payroll deduction. The Company's matching contribution is an amount equal to 50% of the first 2% of pay contributed for the pay period. The Company's fixed contribution to the Plan is an amount equal to 4% of the eligible employees' earnings. Participants are eligible to direct the investment of their employee account balance. Forfeitures of terminated employees' unvested interests may be used to reduce employer contributions.

The participants' employee savings contributions are fully vested immediately. The Company's matching and fixed contributions vest after three years of vesting service.

Amounts forfeited upon early termination of employment are used either to restore the nonvested accounts of rehired participants or lost distributees, or to reduce future employer contributions. Forfeitures used to reduce employer contributions for the years ended October 28, 2012 and October 30, 2011, were \$528,825 and \$573,809, respectively. Cumulative forfeited nonvested accounts at October 28, 2012 and October 30, 2011, were \$141,319 and \$81,690, respectively.

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Jennie-O Turkey Store Retirement Savings Plan

Notes to Financial Statements (continued)

2. Description of the Plan (continued)

Promissory notes receivable are loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Participants may borrow from their account(s) a minimum of \$1,000 up to a maximum of \$50,000 or 50% of their vested account balances, whichever is less. If a participant has more than one account, the loans shall be deemed to have been made from the accounts in the following sequence: Rollover Account, Employee Savings Account, WCT Employer Contribution Account, and Employer Matching Account.

Loan transactions are treated as transfers from (to) the investment fund to (from) the loan fund. Loan terms are up to five years, unless the loan is used to acquire a primary residence. The interest rate is 1% over the prime rate of interest published in *The Wall Street Journal* on the first business day of the month the loan originates. For the purpose of sharing in any gains or losses of the trust fund, the amount of the accounts will be deemed to have been reduced by the unpaid balance of any outstanding loans. All loan repayments are made through payroll deductions. No allowance for credit losses has been recorded as of October 28, 2012 or October 30, 2011. 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.

Upon retirement, death, or termination of employment, the participant or beneficiary may, after approval by the Company, receive a lump-sum amount equal to the vested value of the funds allocated to his or her account. Annuities are available in certain circumstances, as described in the plan document.

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. Benefits are recorded when paid.

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Jennie-O Turkey Store Retirement Savings Plan

Notes to Financial Statements (continued)

2. Description of the Plan (continued)

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

3. Investments and Fair Value Measurement

During the years ended October 28, 2012 and October 30, 2011, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated in fair value as follows:

	Year Ended October 28, 2012	Year Ended October 30, 2011
Net appreciation in fair value during the year:		
Mutual funds	\$ 4,214,041	\$ 943,322
Collective trusts	382,053	549,750
	\$ 4,596,094	\$ 1,493,072

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

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	October 28, 2012	October 30, 2011
Collective trusts:		
Orchard Trust Company, LLC:		
Wells Fargo Stable Return Fund C	\$ 22,134,050	\$ 21,585,843
Mutual funds:		
Orchard Trust Company, LLC:		
PIMCO Total Return II Institutional Class Fund	34,582,844	30,461,267
Nuveen Equity Index Fund I	15,829,950	13,677,892
Harbor Capital Appreciation Fund Institutional Class	10,062,461	8,951,688
Invesco International Growth Fund Y	8,541,189	7,965,378
MFS Value Fund Class R4	8,482,568	