

HORMEL FOODS CORP /DE/
Form DEF 14A
December 16, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant X

Filed by a Party other than the Registrant O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Hormel Foods Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

Table of Contents

HORMEL FOODS CORPORATION

AUSTIN, MINNESOTA

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Edgar Filing: HORMEL FOODS CORP /DE/ - Form DEF 14A

To the Stockholders:

The Annual Meeting of Stockholders of Hormel Foods Corporation, a Delaware corporation, will be held in the Richard L. Knowlton Auditorium of the Austin High School, 300 NW 4th Street, Austin, Minnesota, on Tuesday, January 26, 2010, at 8:00 p.m. Central Standard Time. The items of business are:

1. Elect a board of 12 directors for the ensuing year;
2. Ratify the appointment by the Audit Committee of the Board of Directors of Ernst & Young LLP as independent registered public accounting firm for the fiscal year ending October 31, 2010;
3. Consider a stockholder proposal regarding animal welfare standards, if presented at the meeting; and
4. Such other matters as may properly come before the meeting.

The Board of Directors has fixed November 27, 2009, at the close of business, as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting.

By Order of the Board of Directors

BRIAN D. JOHNSON
Corporate Secretary

December 16, 2009

**Important Notice Regarding the Availability of Proxy Materials
for the Stockholder Meeting to be Held on January 26, 2010**

**The Proxy Statement and Annual Report to Stockholders
are available at www.ematerials.com/hrl**

Table of Contents

TABLE OF CONTENTS

	<u>Page</u>
<u>GENERAL INFORMATION</u>	1
<u>MEETING ADMISSION</u>	2
<u>CONDUCT OF MEETING</u>	2
<u>ITEM 1 ELECTION OF DIRECTORS</u>	2
<u>NOMINEES FOR DIRECTORS</u>	2
<u>CORPORATE GOVERNANCE</u>	4
<u>Corporate Governance Guidelines</u>	4
<u>Code of Ethical Business Conduct</u>	5
<u>Stock Ownership Guidelines</u>	5
<u>Board Independence</u>	5
<u>Board of Director and Committee Meetings</u>	6
<u>Policy Regarding Attendance at Annual Meetings</u>	8
<u>Board Communication</u>	9
<u>COMPENSATION OF DIRECTORS</u>	9
<u>AUDIT COMMITTEE REPORT AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES</u>	11
<u>Audit Committee Report</u>	11
<u>Independent Registered Public Accounting Firm Fees</u>	11
<u>Audit Committee Preapproval Policies and Procedures</u>	12
<u>ITEM 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	12
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	12
<u>SECURITY OWNERSHIP OF MANAGEMENT</u>	13
<u>EXECUTIVE COMPENSATION</u>	13
<u>COMPENSATION COMMITTEE REPORT</u>	13
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	14
<u>Compensation Overview</u>	14
<u>Executive Compensation Programs</u>	14
<u>Base Salary</u>	15
<u>Operators Share Incentive Compensation Plan</u>	15
<u>Long-Term Incentives</u>	17
<u>Stock Incentives</u>	18
<u>Pension Plan</u>	19
<u>Supplemental Executive Retirement Plan</u>	19
<u>Nonqualified Deferred Compensation Plan</u>	19
<u>Survivor Income Protection Plan</u>	20

Table of Contents

<u>Perquisites</u>	20
<u>How Annual Compensation Decisions are Made</u>	20
<u>Tax Deductibility</u>	21
<u>COMPENSATION OF NAMED EXECUTIVE OFFICERS (NEOs)</u>	22
<u>SUMMARY COMPENSATION TABLE</u>	22
<u>ALL OTHER COMPENSATION</u>	23
<u>GRANTS OF PLAN-BASED AWARDS FOR FISCAL 2009</u>	24
<u>OUTSTANDING EQUITY AWARDS AT FISCAL 2009 YEAR END</u>	25
<u>VESTING SCHEDULE FOR UNEXERCISABLE OPTIONS</u>	26
<u>OPTION EXERCISES FOR FISCAL 2009</u>	27
<u>PENSION BENEFITS</u>	27
<u>NONQUALIFIED DEFERRED COMPENSATION</u>	27
<u>POTENTIAL PAYMENTS UPON TERMINATION</u>	28
<u>POTENTIAL PAYMENTS UPON TERMINATION AT FISCAL 2009 YEAR END</u>	29
<u>RELATED PARTY TRANSACTIONS</u>	30
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	30
<u>ITEM 3 STOCKHOLDER PROPOSAL REGARDING ANIMAL WELFARE STANDARDS</u>	30
<u>VIEWING AND DELIVERY OF PROXY MATERIALS</u>	32
<u>STOCKHOLDER PROPOSALS FOR 2011 ANNUAL MEETING OF STOCKHOLDERS</u>	32
<u>OTHER MATTERS</u>	32

Table of Contents

PROXY STATEMENT

HORMEL FOODS CORPORATION
(CUSIP No. 440452100)
1 HORMEL PLACE
AUSTIN, MINNESOTA 55912

The enclosed proxy is solicited by the Board of Directors of Hormel Foods Corporation (**Company**) for use at the Annual Meeting of Stockholders to be held on January 26, 2010. This proxy statement and form of proxy are first being mailed to stockholders on or about December 16, 2009.

GENERAL INFORMATION

Edgar Filing: HORMEL FOODS CORP /DE/ - Form DEF 14A

Voting Securities - The Company had 133,628,663 shares of common stock outstanding as of November 27, 2009. Each share of stock is entitled to one vote. There is no cumulative voting. The Company has no other class of shares outstanding. Only stockholders of record at the close of business as of November 27, 2009 are entitled to vote at the meeting.

Voting Your Proxy - Whether or not you plan to attend the meeting, we encourage you to grant a proxy to vote your shares. Follow the instructions on your proxy card or electronic delivery notice to cast your vote via the Internet or telephone. If you received a proxy card, you may vote your shares by completing the card with your vote, signature and date, and returning it by mail in the envelope provided.

If you submit a proxy without giving specific voting instructions, your shares will be voted in accordance with the Board of Directors recommendations as follows:

FOR:

- Election to the Board of the 12 director nominees named in this proxy statement; and
- Ratification of the appointment of Ernst & Young LLP as independent registered public accounting firm for the next fiscal year;

and AGAINST:

- The stockholder proposal regarding animal welfare standards, if presented at the meeting.

The persons appointed as proxies will vote in their discretion on other matters as may properly come before the meeting and which the Company did not know of prior to October 29, 2009.

Revoking Your Proxy - You may revoke your proxy at any time before it is exercised by contacting the Corporate Secretary.

Expenses - The expenses of soliciting proxies will be paid by the Company. Proxies may be solicited at Company expense personally, or by mail, telephone or electronic communication, by directors, officers and other employees. Such persons will not receive additional compensation. The Company will reimburse banks, brokerage firms and other nominees for their reasonable out-of-pocket expenses incurred in sending proxy materials to beneficial owners. Your cooperation in promptly granting a proxy to vote your shares will help to avoid additional expense.

Edgar Filing: HORMEL FOODS CORP /DE/ - Form DEF 14A

Quorum - A majority of the outstanding shares will constitute a quorum at the meeting. If a stockholder holds shares in street name and does not provide voting instructions to the holder of the account regarding non-discretionary matters, such shares are considered broker nonvotes.

Street name means the shares are held in a stock brokerage account or by a bank, trust or other institution. Broker nonvotes and abstentions are counted for purposes of determining the presence of a quorum for the transaction of business. Shares represented by abstentions are counted in the same manner as shares submitted with a withheld or no vote in tabulating the votes cast. Shares represented by broker nonvotes are not considered entitled to vote and thus are not counted for purposes of determining whether a proposal has been approved. Under current New York Stock Exchange (NYSE) rules, uninstructed brokers would have discretionary voting power for ratification of Ernst & Young LLP as independent registered public accounting firm (Item #2). Uninstructed brokers would not have discretionary voting power for the election of directors (Item #1) and for approval of the stockholder proposal (Item #3).

Table of Contents

MEETING ADMISSION

Edgar Filing: HORMEL FOODS CORP /DE/ - Form DEF 14A

The following persons will be admitted to the Annual Meeting of Stockholders to be held on January 26, 2010:

- Stockholders of record at the close of business on November 27, 2009, and their immediate family members;
- Individuals holding written proxies executed by stockholders of record at the close of business on November 27, 2009;
- Stockholders who provide a letter or account statement from their broker, bank or other nominee showing that they owned stock held in the name of the broker, bank or other nominee at the close of business on November 27, 2009, and their immediate family members;
- Stockholders by virtue of stock held in the Company's Employee Stock Purchase Plan;
- Other individuals with the approval of the Corporate Secretary; and
- One authorized representative of stockholders that are corporations or other entities. Additional authorized representatives may be admitted with the approval of the Corporate Secretary.

If you are not able to attend, we will have video of the meeting available on the Internet after January 27, 2010. To view this video, follow these instructions:

1. Log on to the Hormel Foods Web site homepage at www.hormelfoods.com through your Internet connection;
2. Place your mouse cursor over the word **Investors**, click on **Multimedia** from the drop-down menu that appears, and then click on **2010 Annual Meeting**; and
3. Choose a format to view the broadcast.

CONDUCT OF MEETING

The Chairman will preside over the Annual Meeting of Stockholders pursuant to the Bylaws and by action of the Board of Directors. The Chairman has broad authority to ensure the orderly conduct of the meeting. This includes discretion to recognize stockholders or proxies who wish to speak, and to determine the extent of discussion on each item of business. Rules governing the conduct of the meeting will be distributed at the meeting along with the agenda. The Chairman may also rely on applicable law regarding disorderly conduct to ensure that the meeting is conducted in a manner that is fair to all stockholders.

ITEM 1 ELECTION OF DIRECTORS

The Board of Directors recommends a vote FOR each of the 12 director nominees listed below. The persons named as proxies will vote FOR the election of these 12 nominees to hold office as directors until the next Annual Meeting of Stockholders and until their successors are elected and qualify, unless stockholders specify otherwise. If any of such nominees become unavailable for any reason, it is intended that the proxies will vote for the election of such substitute persons as may be designated by the Board of Directors. Directors are elected by a plurality of the votes cast. The 12 candidates receiving the highest number of votes will be elected.

NOMINEES FOR DIRECTORS

Edgar Filing: HORMEL FOODS CORP /DE/ - Form DEF 14A

Name	Principal Occupation, Five-Year Business Experience, Age and Directorships	Year First Became a Director
TERRELL K. CREWS	54 Retired from Monsanto Company, an agricultural company, November 2009; Executive Vice President, Chief Financial Officer and Vegetable Business CEO for Monsanto Company, from September 2007 to November 2009; Executive Vice President and Chief Financial Officer from 2000 to 2007. Member of the Board of Trustees of Freed-Hardeman University, Henderson, Tennessee.	2007

Edgar Filing: HORMEL FOODS CORP /DE/ - Form DEF 14A

Table of Contents

Name	Age	Principal Occupation, Five-Year Business Experience, and Directorships	Year First Became a Director
JEFFREY M. ETTINGER	51	Chairman, President and Chief Executive Officer since November 2006; President and Chief Executive Officer from January 1 to November 2006; President and Chief Operating Officer from 2004 to 2006. Member of the Board of Directors of Grocery Manufacturers of America, Washington, D.C., American Meat Institute, Washington, D.C., Minnesota Business Partnership, Minneapolis, Minnesota, Austin Medical Center Foundation, Austin, Minnesota, and The Hormel Foundation, Austin, Minnesota.	2004
JODY H. FERAGEN	53	Senior Vice President and Chief Financial Officer since January 2007; Vice President of Finance and Treasurer from 2005 to 2007; Vice President and Treasurer from 2001 to 2005.	2007
SUSAN I. MARVIN	54	President, Marvin Windows and Doors since October 1995. Member of the Board of Directors of The Marvin Companies, Warroad, Minnesota, and St. Thomas College of Business Advisory Board of Governors, St. Paul, Minnesota.	2002
JOHN L. MORRISON	64	Managing Director, Goldner Hawn Johnson & Morrison Incorporated, a private equity investment firm, since 1989; Chairman, Callanish Capital Partners, a private hedge fund, since 2001; Executive Vice President of Pillsbury and Chairman of the U.S. Consumer Foods Group from 1987 to 1989; President of Pillsbury's International Group from 1981 to 1987; member of the President's Foreign Intelligence Advisory Board, Washington, D.C., from 2006 to 2009. Member of the Board of Directors of Andersen Corporation, St. Paul, Minnesota.	2003
ELSA A. MURANO, Ph.D.	50	Professor of Nutrition & Food Science and President Emerita of Texas A&M University, since June 2009; President of Texas A&M University from December 2007 to June 2009; Texas A&M University Vice Chancellor and Dean of Agriculture, Director of the Texas Agricultural Experiment Station, from 2005 to December 2007; Professor, Department of Animal Science, Texas A&M University, since 2001; Undersecretary for Food Safety, U.S. Department of Agriculture from 2001 to 2004.	2006
ROBERT C. NAKASONE	61	Chief Executive Officer, NAK Enterprises, LLC, an investment and consulting company, since 2000; Chief Executive Officer, Toys R Us, Inc. from 1998 to 1999; President and Chief Operating Officer from 1994 to 1997; Vice Chairman from 1989 to 1993; and President U.S. Toy Stores from 1985 to 1988; prior to 1985, served in multiple senior executive capacities with the Jewel Companies, Inc., including Group Vice President and General Manager of the Jewel Food Stores Midwest Region. Member of the Board of Directors of Staples, Inc., Framingham, Massachusetts. Member of the Board of Trustees of Claremont McKenna College, Claremont, California, and Cottage Health System, Santa Barbara, California.	2006
SUSAN K. NESTEGARD	49	Executive Vice President, Global Healthcare Sector, Ecolab Inc., since April 2008; Senior Vice President, Research, Development and Engineering, and Chief Technical Officer, from December 2004 to March 2008.	2009