

HORMEL FOODS CORP /DE/  
Form DEF 14A  
December 26, 2001

QuickLinks -- Click here to rapidly navigate through this document

**SCHEDULE 14A INFORMATION**

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 //

Check the appropriate box:

- // Preliminary Proxy Statement
- // **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- /x/ Definitive Proxy Statement
- // Definitive Additional Materials
- // Soliciting Material Pursuant to §240.14a-11(c) or §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):

- /x/ 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:

---

---

## HORMEL FOODS CORPORATION

AUSTIN, MINNESOTA

### NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To The Stockholders:

Notice is hereby given that 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, Austin, Minnesota, on Tuesday, January 29, 2002, at 8:00 p.m. Central standard time, for the following purposes:

1. To elect a board of 13 directors for the ensuing year.
2. To vote on ratification of appointment, by the Board of Directors, of Ernst & Young LLP as independent auditors for the fiscal year which will end October 26, 2002.
3. To transact such other business as may properly come before the meeting.

The Board of Directors has fixed December 3, 2001, at the close of business, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting.

By order of the Board of Directors

J.W. CAVANAUGH  
Secretary

December 28, 2001

---

HORMEL FOODS CORPORATION  
1 HORMEL PLACE  
AUSTIN, MINNESOTA 55913

**PROXY STATEMENT**

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

The enclosed proxy is solicited by the Board of Directors of the Company for use at the Annual Meeting of Stockholders to be held on January 29, 2002. The shares represented by the enclosed proxy will be voted in accordance with the stockholder's directions if the proxy is duly executed and returned prior to the meeting. If no directions are specified, the shares will be voted for the election of directors recommended by the Board of Directors and for the appointment of Ernst & Young LLP as independent auditors for the next fiscal year, and, in the discretion of the persons named in the proxy, as to such other matters as may properly come before the meeting and as to which we did not have knowledge prior to October 31, 2001. As an alternative to completing the enclosed proxy card and mailing it to the Company, stockholders can vote by telephone or by the Internet. The procedures for voting by telephone or the Internet are set out on the proxy card. Any person giving a proxy may revoke it at any time before it is exercised by contacting the Secretary of the Company.

The expenses of soliciting proxies will be paid by the Company. If it appears necessary or advisable, proxies may be solicited at Company expense personally, or by telephone or facsimile, by directors, officers and other employees who will not receive additional compensation. The Company will also reimburse brokerage firms, and other custodians, nominees and fiduciaries, for their reasonable out-of-pocket expenses in sending proxy materials to beneficial owners. Your cooperation in promptly signing and returning the enclosed proxy will help to avoid additional expense.

The Company had 138,713,598 shares of Common Stock outstanding as of December 3, 2001. Each share of stock is entitled to one vote. The Company has no other class of shares outstanding. Only common stockholders of record at the close of business as of December 3, 2001, are entitled to notice of, and to vote at, the Annual Meeting of Stockholders. A majority of the outstanding shares will constitute a quorum at the meeting. Abstentions and broker nonvotes are counted for purposes of determining the presence or absence 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 on proposals presented to stockholders, whereas shares represented by broker nonvotes are deemed not present, and therefore, not counted for purposes of determining whether a proposal has been approved. This proxy statement and form of proxy are being mailed to stockholders on or about December 28, 2001.

### HOUSEHOLDING INFORMATION

Only one annual report and proxy statement is being delivered to multiple security holders sharing an address unless the Company received contrary instructions from one or more of the security holders.

If you and other stockholders of the Company with whom you share an address currently receive multiple copies of annual reports and/or proxy statements, or if you hold stock in more than one account and, in either case, you wish to receive only a single copy of the annual report or proxy for your household, please contact the transfer agent (Wells Fargo Bank Minnesota, N.A., P.O. Box 64854, St. Paul, MN 55164-0854; Phone 1-877-536-3559) with the names in which all accounts are registered and the name of the account for which you wish to receive mailings. This will not in any way affect dividend check mailings.

If you wish to receive a separate copy of the annual report or proxy statement, or if you wish to receive separate copies of future annual reports and/or proxy statements, please call 507-437-5944 or

1

---

mail a request to the Corporate Secretary, 1 Hormel Place, Austin, MN 55912. We will deliver the requested documents promptly upon your request.

### STOCKHOLDER PROPOSALS FOR 2003 ANNUAL MEETING

Any stockholder intending to present a proposal at the Annual Meeting of Stockholders to be held in 2003 must arrange to have the proposal delivered to the Company not later than August 30, 2002, in order to have the proposal considered for inclusion in the Company's proxy statement and the form of proxy for that meeting.

Additionally, the Company's Bylaws provide certain requirements which must be met in order for a stockholder to bring any proposals or nominations for election as Directors for consideration at the Annual Meeting of Stockholders, whether or not the proposal or nomination is requested to be included in the proxy statement and proxy. Those requirements include a written notice to the Secretary of the Company to be received at the Company's principal executive offices at least ninety (90) days before the date that is one year after the prior year's annual meeting. For business or nominations intended to be brought to the Annual Meeting of Stockholders to be held in 2003, that date is October 31, 2002. Stockholder proposals or director nominations submitted after this date are untimely and may not be presented in any manner at the 2003 Annual Meeting of Stockholders.

---

**ELECTION OF DIRECTORS**

The Board of Directors recommends a vote for each of the thirteen director nominees listed below. The persons named as proxies in the enclosed proxy will vote for the election of the thirteen nominees named below to hold office as directors until the next Annual Meeting of Stockholders and until their successors are elected and qualify, unless stockholders specify otherwise. In the event any of such nominees should become unavailable for any reason, which the Board of Directors does not anticipate, it is intended that the proxies will vote for the election of such substitute persons, if any, as shall be designated by the Board of Directors. Directors are elected by a plurality of the votes cast. The thirteen candidates receiving the highest number of votes will be elected.

**NOMINEES FOR DIRECTORS**

Name	Age	Principal Occupation, Five-Year Business Experience, and Directorships	Year First Became a Director
JOHN W. ALLEN, Ph.D.	71	Professor Emeritus, Food Marketing, Partnership for Food Industry Development - Fruits and Vegetables, Michigan State University since 2001; Professor and Director of the Food Industry Alliance, Michigan State University from 1969 to 2001. Member of the Board of Directors of Alliance Foods, Inc., Coldwater, Michigan.	1989
JOHN R. BLOCK	66	President since 1986 and Chief Executive Officer since 2000 of Food Distributors International, a trade association representing the wholesale grocery and foodservice distribution industry in the U.S., Canada and overseas; Farming Partnership with son since 1961; Former Secretary of the U.S. Department of Agriculture from 1981 to 1986. Member of the Board of Directors of Deere & Company, Moline, Illinois.	1997
ERIC A. BROWN	55	Group Vice President Prepared Foods since 1997; Senior Vice President Meat Products from 1993 to 1997. Member of the Executive Committee of the Board of Directors.	1997
WILLIAM S. DAVILA	70	President Emeritus since 1992 of The Vons Companies, Inc., one of the largest supermarket chains in Southern California. Member of the Board of Directors of Pacific Gas and Electric, San Francisco, California, and Home Depot in Atlanta, Georgia.	1993
E. PETER GILLETTE, JR.	67	Senior Advisor to U.S. Trust Company, and its predecessor Resource Trust Company, since 1998; President, Piper Trust Company from 1995 to 1998, retired 1998; Commissioner of Minnesota Department of Trade and Economic Development from 1991 to 1995; former Vice Chairman, Norwest Corporation.	1996
<hr/> LUELLA G. GOLDBERG	64	Trustee, University of Minnesota Foundation; Member, Board of Overseers, University of Minnesota Carlson School of Management; Life Director, Minnesota Orchestral Association; Trustee and Chair Emerita, Wellesley College; Chair, Board of Trustees, University of Minnesota Foundation, from 1996 to 1998; Chair, Board of Trustees, Wellesley College, from 1985 to 1993; Acting President, Wellesley College, from July 1, 1993 to October 1, 1993. Member of the Board of Directors of NRG Energy, Inc. and TCF Financial Corporation, both of Minneapolis, Minnesota, and of Communications Systems, Inc., Hector, Minnesota. Member of the Supervisory Board of ING Group, Amsterdam, The	1993

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

Netherlands.

JOEL W. JOHNSON	58	Chairman, President and Chief Executive Officer since 1995. Member of the Executive Committee of the Board of Directors. Member of the Board of Directors of Meredith Corporation, Des Moines, Iowa, Ecolab Inc., St. Paul, Minnesota, and U.S. Bancorp, Minneapolis, Minnesota.	1991
JOSEPH T. MALLOF	50	President, Asia-Pacific, since 1999 of S.C. Johnson & Son, Inc., a global supplier of household products; President, Americas and South Asia, S.C. Johnson & Son, Inc. from 1998 to 1999; President, North American Consumer Products, S.C. Johnson & Son, Inc. from 1997 to 1998; Executive Vice President, North American Consumer Products, S.C. Johnson & Son, Inc. from 1995 to 1997.	1997
MICHAEL J. McCOY	54	Executive Vice President and Chief Financial Officer since 2001; Senior Vice President and Chief Financial Officer from 2000 to 2001; Vice President and Controller from 1998 to 2000; Vice President and Treasurer from 1997 to 1998; Treasurer from 1996 to 1997. Member of the Executive Committee of the Board of Directors.	2000
DAKOTA A. PIPPINS	53	Director of Urban Think Tank and Director of Planning, Vigilante Division of Leo Burnett, USA, an advertising agency, since 1998; Adjunct Assistant Professor at New York University since 1990; Senior Vice President, Chisholm-Mingo Group, an integrated marketing company, from 1997 to 1998; Co-Founder Chief Executive Officer, SCDN Inc. and D.R.U.M. Inc., both organizations devoted to building sustainable communities in West Africa, from 1995 to 1997.	2001

4

---

GARY J. RAY	55	Executive Vice President Refrigerated Foods since 1999; Executive Vice President Operations from 1992 to 1999. Member of the Executive Committee of the Board of Directors.	1990
JOHN G. TURNER	62	Vice Chairman since September 2000 of ING Americas, a financial services organization; Chairman and CEO of ReliaStar Financial Corp., a financial services company, from 1993 to 2000. Member of the Board of Directors of Shopko Stores, Green Bay, Wisconsin.	2000
ROBERT R. WALLER, M.D.	64	President Emeritus, Mayo Foundation, a medical research foundation, since 1999; Professor of Ophthalmology, Mayo Medical School; President and Chief Executive Officer, Mayo Foundation from 1988 to 1998; Executive Committee Chair, Board of Trustees, Mayo Foundation from 1988 to 1998; Chair, Mayo Foundation for Medical Education and Research from 1988 to 1998. Member of the Board of Directors of Union Planters Bank, Memphis, Tennessee.	1993

No family relationship exists between any of the nominees for director of the Company.

5

---

**COMPENSATION OF DIRECTORS**

Directors who are not employees of the Company receive an annual retainer of \$25,000 and \$1,200 for attendance at each Board Meeting. In addition, a fee of \$1,000 is paid for attendance at committee meetings. The Chairpersons of the Audit, Compensation, Nominating and Contingency Committees each receive an additional \$2,000 per year. Additionally, each February 1, each nonemployee director receives a grant of 4,000 options with an exercise price equal to the fair market value of one share of Common Stock on the date of grant, and an award of \$5,000 worth of Restricted Shares. The options have a ten-year term and are exercisable six months after grant. The Restricted Shares are subject to a five-year restricted period, but six months after award will vest immediately in the case of death, disability, or retirement from the Board.

Directors who are employees of the Company receive \$100 for each Board Meeting they attend, which has remained unchanged since 1934.

#### **COMMITTEES OF THE BOARD OF DIRECTORS AND MEETINGS**

The Board of Directors met eight times during the last fiscal year. Six were regularly scheduled meetings and two were special meetings. During the fiscal year, each director attended at least 75% of the aggregate of the total number of meetings of the Board of Directors, plus the total number of meetings held by all committees of the Board on which he or she served.

The Company has Personnel, Compensation, Nominating, Contingency, Employee Benefits and Audit Committees of the Board of Directors. The Compensation, Nominating, Contingency and Audit Committees consist solely of nonemployee directors.

The Personnel Committee members are Mr. Johnson, Chairperson, Dr. Allen, Mr. Block, Mr. Davila, and Mr. Pippins. This Committee deals, among other things, with matters of management positions and the succession of management. The Committee met once during the last fiscal year.

The Compensation Committee members are Mr. Davila, Chairperson, Mr. Block, Mr. Mallof, and Mr. Turner. The primary function of this Committee is to establish compensation arrangements for all officers of the Company and other senior management personnel. The Committee met five times during the last fiscal year.

The Nominating Committee members are Dr. Waller, Chairperson, Mr. Mallof, Mrs. Goldberg, and Mr. Pippins. Board of Director nominees are proposed by the Nominating Committee, which will consider nominees recommended by stockholders. Stockholder recommendations should be sent to the Secretary of the Company for forwarding to the Nominating Committee. The Committee met three times during the last fiscal year.

The Contingency Committee members, consisting of all nonemployee Board members, are Mr. Davila, Chairperson, Mr. Gillette, Vice Chairperson, Dr. Allen, Mr. Block, Mrs. Goldberg, Mr. Mallof, Mr. Pippins, Mr. Turner, and Dr. Waller. This Committee considers such matters as the Board refers to the Contingency Committee as requiring the deliberation and decision of disinterested and independent directors. The Committee had no meetings during the last fiscal year.

The Employee Benefits Committee members are Mr. McCoy, Chairperson, Mrs. Goldberg, Vice Chairperson, Mr. Gillette, and Mr. Ray. The Committee oversees the Company's benefit policies, the investment management of pension funds, the adequacy of benefit reserves and controls, and compliance with pertinent laws and regulations. The Committee met four times during the last fiscal year.

The Audit Committee members are Mr. Gillette, Chairperson, Dr. Allen, Mr. Turner, and Dr. Waller. The Audit Committee maintains an understanding of the Company's key areas of financial risk and assesses the steps management takes to minimize such risk; assists the Board of Directors with the selection, evaluation and replacement of the independent auditors; ensures that the ultimate

accountability of the independent auditors is to the Committee and the Board of Directors and that the auditors maintain no relationship with management and/or the Company that would impede their ability to provide independent judgment on corporate matters; oversees the adequacy of the systems of internal control; oversees the process used in developing the quarterly and annual financial statements of the Company and reviews the nature and extent of any significant changes in accounting principles or applications used in compiling this information with management and the external auditors; oversees that management has established and maintains processes reasonably calculated to assure the Company's compliance with all applicable laws, regulations, corporate policies and other matters covered in the Company's Code of Ethical Business Conduct; provides an open avenue of communication between the internal auditors, the external auditors, Company management and the Board of Directors; reviews and updates the Committee's charter at least annually; and exercises an active oversight role in the internal audit functions and scope.

#### **AUDIT COMMITTEE REPORT**

The Audit Committee (the "Committee") oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls.

The Committee comprises four members, each of whom is independent (as defined by the rules of the New York Stock Exchange, on which the Company's shares are listed). The Committee operates under a written charter, approved by the Board of Directors, which is Appendix A to this Proxy Statement.

In fulfilling its oversight responsibilities regarding the fiscal year 2001 financial statements, the Committee reviewed with management the audited financial statements in the Annual Report including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee under auditing standards generally accepted in the United States. In addition, the Committee has discussed with the independent auditors the auditors' independence from management and the Company, including the matters in the written disclosures required by the Independence Standards Board and received by the Committee. The Audit Committee also considered whether nonaudit services provided by the independent accountants during the last fiscal year were compatible with maintaining the independent accountants' independence.

The Committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Committee held three meetings during fiscal 2001.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended October 27, 2001, for filing with the Securities and Exchange Commission. The Committee and the Board have also recommended, subject to stockholder approval, the selection of the Company's independent auditors for fiscal 2002.

7

---

#### **THE AUDIT COMMITTEE**

E. Peter Gillette, Jr., Chair  
John W. Allen, Ph.D.  
John G. Turner  
Robert R. Waller, M.D.

#### **APPROVAL OF APPOINTMENT OF AUDITORS**

##### **General**

Subject to ratification by the stockholders, the Board of Directors has appointed Ernst & Young LLP, independent public accountants, to audit the consolidated financial statements of the Company and its subsidiaries for the fiscal year which will end October 26, 2002. Ernst & Young are the present public auditors and have served as public auditors for the Company since 1931. Management is not aware of any direct or indirect financial interest or any other connections Ernst & Young may have with the Company or its subsidiaries except the usual professional status of an independent auditor.

##### **Audit Fees**

Audit fees billed or expected to be billed to the Company by Ernst & Young for the audit of the Company's financial statements for the fiscal year ended October 27, 2001, and for reviews of the Company's financial statements included in the Company's quarterly reports on Form 10-Q for the last fiscal year totaled \$346,700.

##### **Financial Information Systems Design and Implementation Fees**

There were no fees billed to the Company by Ernst & Young for services provided during the last fiscal year for the design and implementation of financial information systems.

**All Other Fees**

Fees billed to the Company by Ernst & Young for all other services provided during the last fiscal year totaled approximately \$1,304,900, including audit-related services of \$458,700 and nonaudit services of \$846,200.

**Ratification of Appointment**

A proposal will be presented at the Annual Meeting to ratify the appointment of Ernst & Young as the Company's independent auditors. Representatives of the firm are expected to be present at the meeting and will be afforded an opportunity to make a statement, if they desire to do so, and be available to respond to appropriate questions.

The affirmative vote of the majority of the shares of Common Stock represented at the meeting shall constitute ratification. **The Board of Directors recommends a vote FOR the proposal to approve the appointment of Ernst & Young LLP.**

**PRINCIPAL STOCKHOLDERS**

Information as to the persons or groups known by the Company to be beneficial owners of more than five percent of the Company's voting securities, as of October 27, 2001, is shown below:

Title of Class	Name and Address of Beneficial Owner	Amount Beneficially Owned	Percent of Class
Common Stock	The Hormel Foundation(1) 301 N. Main Street Austin, MN 55912-3498	64,062,722	46.20%

(1) The Hormel Foundation holds 5,082,662 of such shares as individual owner and 58,980,060 of such shares as trustee of various trusts. The Hormel Foundation, as trustee, votes the shares held in trust. The Hormel Foundation has a remainder interest in all of the shares held in trust. The remainder interest consists of corpus and accumulated income in various trusts which are to be distributed when the trusts terminate upon the death of designated beneficiaries, or upon the expiration of twenty-one years after the death of such designated beneficiaries.

The Hormel Foundation was converted from a private to a public foundation on December 1, 1980. The Certificate of Incorporation and Bylaws of the Foundation provide for a Board of Directors, a majority of whom represent nonprofit agencies to be given support by the Foundation. Each member of the Hormel Foundation has equal voting rights.

Members of The Hormel Foundation are: Chairman, Richard L. Knowlton, retired Chairman of the Board of Hormel Foods; Jerry A. Anfinson, Certified Public Accountant, Austin; Mark T. Bjorlie, Executive Director, Young Men's Christian Association, Austin; Donald R. Brezicka, Executive Vice President of Austin Medical Center Mayo Health System, Austin; Dr. Zigang Dong, Director, Hormel Institute, Austin, representing the University of Minnesota; Don J. Hodapp, Retired Executive Vice President and Chief Financial Officer of Hormel Foods; Kermit F. Hoversten, Attorney; William R. Hunter, retired Executive Vice President of Hormel Foods; Corrine R. Johnson, representing the Austin Public Education Foundation, Inc.; Joel W. Johnson, Chairman, President and Chief Executive Officer of Hormel Foods; Kris S. Johnson, United Way of Mower County, Inc.; James R. Mueller, Executive Director, Cedar Valley Rehabilitation Workshop, Inc., Austin; John E. O'Rourke, representing the City of Austin; Gary J. Ray, Executive Vice President of Hormel Foods; Steven T. Rizzi, Jr., Attorney, Austin; Robert J. Thatcher, retired Vice President and Treasurer of Hormel Foods, representing the Austin Community Scholarship Committee; and Douglas G. Yeck, Officer in Charge, The Salvation Army of Austin.

## SECURITY OWNERSHIP OF MANAGEMENT

Information as to beneficial ownership of the Company's equity securities by directors, nominees, executive officers of the Company named in the Summary Compensation Table on page 13 and all directors and executive officers of the Company as a group as of October 27, 2001, is shown below:

Title of Class	Name of Beneficial Owner	Amount Beneficially Owned (1)	Percent of Class
Common Stock	John W. Allen (2) (3)	33,803	*
Common Stock	John R. Block (2)	15,857	*
Common Stock	Eric A. Brown (2) (3) (5)	274,576	*
Common Stock	William S. Davila (2)	44,166	*
Common Stock	E. Peter Gillette, Jr. (2)	20,515	*
Common Stock	Luella G. Goldberg (2)	46,770	*
Common Stock	Joel W. Johnson (2) (4) (5)	930,914	*
Common Stock	James A. Jorgenson (2) (3) (5)	185,091	*
Common Stock	Joseph T. Mallof (2)	17,915	*
Common Stock	Michael J. McCoy (2) (5)	74,514	*
Common Stock	Dakota A. Pippins (2)	4,260	*
Common Stock	Gary J. Ray (2) (3) (4) (5)	517,590	*
Common Stock	John G. Turner (2)	12,902	*
Common Stock	Robert R. Waller, M.D. (2)	17,785	*
Common Stock	All Directors and Executive Officers as a Group (33 persons) (5) (6)	3,456,137	2.49%

- (1) Except as otherwise indicated and subject to applicable community property and similar statutes, the persons listed as beneficial owners of the shares of the Company's Common Stock have sole voting and investment powers with respect to the shares. Holdings are rounded to the nearest full share.
- (2) The total number of shares of the Company's Common Stock beneficially owned by the following persons includes the following number of shares subject to options exercisable within sixty days of October 27, 2001: Dr. Allen 26,000; Mr. Block 14,000; Mr. Brown 190,000; Mr. Davila 16,000; Mr. Gillette 16,000; Mrs. Goldberg 20,000; Mr. Johnson 847,500; Mr. Jorgenson 158,500; Mr. Mallof 14,000; Mr. McCoy 58,000; Mr. Pippins 4,000; Mr. Ray 386,750; Mr. Turner 8,000; and Dr. Waller 16,000.
- (3) The total number of shares of the Company's Common Stock beneficially owned by the following nominees for election as directors includes the following number of shares of the Company's Common Stock beneficially owned by members of their respective households: Dr. Allen 6,287; Mr. Brown 20,800; Mr. Jorgenson 1,200; and Mr. Ray 2,458.
- (4) Does not include any shares owned by The Hormel Foundation, of which Mr. Johnson and Mr. Ray are members. Mr. Johnson and Mr. Ray disclaim beneficial ownership of all shares owned by The Hormel Foundation.
- (5) Shares listed as beneficially owned include, where applicable, shares allocated to participants' accounts under the Hormel Tax Deferred Investment Plan 401(k)A and the Company's Founders' Fund Plan, and a pro-rata share of unallocated shares held in the Company's Joint Earnings Profit Sharing Trust for the benefit of participants.
- (6) As of October 27, 2001, all directors and executive officers as a group owned beneficially 2,773,250 shares subject to options exercisable within sixty days.

\* Less than one percent.

## EXECUTIVE COMPENSATION

### Compensation Committee Report on Executive Compensation

The Compensation Committee (the "Committee") consists exclusively of nonemployee directors, and is responsible for setting and administering the policies that govern the compensation of executive officers of the Company, including the five executive officers named in this proxy statement. The Committee also administers the Company's stock option plans, Operators' Share Incentive Compensation Plan, and Long-Term Incentive Plan.

#### *Philosophy/Objectives*

The Committee's objective is to attract and retain the most highly qualified executive officers in a manner which provides incentives to create stockholder value. This objective is accomplished by establishing compensation which is calculated to attract and retain the best management talent available while at the same time providing both significant risk and opportunity for reward based on Company performance.

Executive officer annual compensation as related in the Summary Compensation Table on page 13 consists of salary and formula bonus determined by Company earnings under the Company's Operators' Share Incentive Compensation Plan. Long-term compensation is provided by stock options and Restricted Shares which provide longer term compensation opportunities based on increases in the value of the Company's stock, and by the Company's Long-Term Incentive Plan based on the Company's ranking in total stockholder return over a designated performance period compared to a preselected peer group. In its considerations, except as noted below, the Committee does not assign quantitative relative weights to different factors or follow a mathematical formula. Rather, the Committee exercises its discretion and makes a judgment after considering the factors it deems relevant. The Committee believes that it has set compensation at appropriate levels which reflect each executive's contribution to achieving the Company's goals and in a manner that ties the executive's earning opportunity to the welfare of the Company's stockholders.

In the Committee's view, it is in the Company's best interest to offer compensation opportunities which enable the Company to compete with other American industrial companies for the most effective talent available. However, it is also the Committee's view that such opportunities should involve compensation which is significantly "at risk" to the fortunes of the Company. For that reason, while total annual compensation is established to place an executive's total direct compensation reflected in the Summary Compensation Table at specified levels as described below, the proportion of formula bonus in the compensation mix will generally increase as the executive officer's responsibilities and compensation increase.

#### *Executive Officer Annual Compensation: Salary and Operators' Share Incentive Plan*

Salary is the weekly cash payment which is assured to the executive officer as part of the employment relationship.

The formula bonus determined by Company earnings under the Company's Operators' Share Incentive Compensation Plan, variations of which have been used by the Company for many years, is an amount equal to the after-tax earnings per share reported by the Company at fiscal year end on the Company's Common Stock multiplied by a designated number of assumed shares ("Operators' Shares"). Whenever a cash dividend is declared on the Company's Common Stock, a Plan participant will be paid the amount of such per share dividend multiplied by the number of Operators' Shares held by the participant on the dividend record date at the same time the dividend is paid to stockholders ("Dividend Equivalent"). After the end of each fiscal year of the Company, each participant will receive a payment equal to the number of Operators' Shares held by the participant on the last day of the fiscal year multiplied by the Company's after-tax net earnings per share, minus all Dividend

Equivalents paid to or due to the participant on account of dividends declared during such fiscal year. Operators' Shares do not constitute any form of equity ownership in the Company, and are limited to a method for calculating compensation.

The Committee, as the administrator of the Plan, has adopted, on a trial basis, an additional limitation on receipt of Operators' Shares with respect to the Company's most senior officers. This limitation is tied to achievement of annual, Company-wide or business-unit based economic value-added ("EVA") goals, and is designed to create further incentives among those participants in the Plan to work toward achieving relevant business unit goals. As calculated by the Company, EVA is used to determine the economic profit earned by the relevant business unit, by measuring net operating profit after taxes, after a charge for use of capital is applied.

Prior to the commencement of fiscal 2001, all of the named executive officers and senior management selected by the Committee had 25% to 33% of their Operators' Shares made subject to achievement of defined EVA goals. If those goals are not achieved, the participant will receive less, and if the goals are met, the participant will receive what he or she would have otherwise received under the Operators' Share Plan. If the EVA goals are exceeded, the participant is entitled to receive an amount in excess of the payout that he or she would have received under the Operators' Share Plan.

The level of salary and number of Operators' Shares is determined annually in the following manner in the case of each executive officer.

Each executive officer position is periodically rated based on evaluation criteria provided by Hay Consulting Group, an independent nationally recognized management compensation firm ("Consultant"). The Consultant has rated the Chief Executive Officer ("CEO") position and, with input from the CEO, has rated the major officer positions reporting directly to the CEO, including all executive officers named in the Summary Compensation Table. Other executive positions within the Company are rated by a job evaluation committee currently comprising an Executive Vice President, a Group Vice President, and the Company's Senior Vice President of Corporate Staff, utilizing the Consultant as a resource.

The ratings of each executive officer position are a measurement of job content expressed in numerical points, measuring qualitative attributes of the position using a methodology developed by the Consultant. The Consultant annually assigns a range of compensation values to those numerical ratings using the Consultant's data base drawn from surveys of several hundred American companies in a variety of industries. The Committee has determined that it is appropriate and in the Company's best interest to set the policy guideline for Company compensation at the 75th percentile of the range of compensation provided by the Consultant for a given numerical rating. Once the level of compensation is established, the appropriate amount is provided through a combination of salary and Operators' Shares. A significant percentage of that compensation for all executive officers is provided by awarding Operators' Shares. For purposes of determining the number of Operators' Shares to be awarded, Operators' Shares are valued based on a three-year average of Company earnings. The basic concept underlying Operators' Shares has been used by the Company since 1932 as a significant component of executive compensation.

***Executive Officer Long-Term Compensation: Stock Option Plan and Long-Term Incentive Plan***

Acting as the Committee administering the Hormel Foods Corporation 2000 Stock Incentive Plan, the Committee determines, based in part on the recommendations of the CEO (other than with respect to the CEO), for the grant of options or Restricted Shares to executive officers and other eligible recommended employees. The Committee's determination of option grants in fiscal year 2001 and in past years reflected in the Summary Compensation Table took into consideration the executive officer's past grants, compensation level, contributions to the Company during the last completed fiscal year,

and potential for contributions in the future. (No Restricted Shares were awarded during fiscal year 2001.)

Options are granted at the market price of the Company stock at the date of grant, and provide compensation to the optionee only to the extent the market price of the stock increases between the date of grant and the date the option is exercised. Options are intended to provide long-term compensation tied specifically to increases in the price of the Company's stock.

The total number of options granted in each year, which may vary from year to year, bears a general relationship to the total number of options authorized by the Company's stockholders divided by the number of years in the term of the Plan under which the options are awarded. While options are generally awarded based on the influence an executive position is considered by the Committee to have on stockholder value, the number of options awarded may vary up or down from prior year awards based on the level of an individual executive officer's contribution to the Company in a particular year, based in part on the recommendation of the CEO.

Company executive officers are eligible to participate in the "Hormel Foods Corporation Long-Term Incentive Plan". This Plan is designed to provide a small group of key employees selected by the Committee with an incentive to maximize stockholder value. In selecting participants, and the amount of cash incentive which can be earned by each participant, the Committee takes into account the nature of the services rendered by the employee, his or her present and potential contributions to the success of the Company and such other factors as the Committee deems relevant.

Under the Long-Term Incentive Plan, the Committee sets specific performance goals which are based solely on total return to stockholders compared to preselected peer groups. Performance of the goals is expected to be measured over three years, but in no case less than 24 months, and is expected to be ranked against a peer group of companies selected by the Committee. Awards under this Plan were made during fiscal year 2000 for an approximately three-year performance period commencing November 1, 1999, and ending on the tenth day on which shares are traded on the New York Stock Exchange following October 29, 2002. At the end of the performance period, payment will be made for

attainment of specified goals. The Committee established threshold, target and maximum performance goals based on an increase in market value of the Company's Common Stock, together with dividends deemed reinvested ("Total Stockholder Return"), during the performance period as ranked against the Total Stockholder Return of a peer group of thirty-four companies. The award made to each executive officer named in the Summary Compensation Table is set out in the "Long-Term Incentive Plan Awards Table" on page 15.

***Chief Executive Officer Compensation***

The cash compensation of the CEO is established by the Committee in generally the same way as cash compensation is determined for other executive officers, and the Committee employs generally the same criteria for option grants and Restricted Share awards as apply to other executive officers, taking into consideration the CEO's responsibility for the total enterprise. Based on information received from the Consultant rating Mr. Johnson's position and comparing his annual cash compensation to cash compensation received by individuals in other companies in similar positions, the Committee awarded Mr. Johnson a salary increase of \$961.82 per week and an increase of 50,000 Operators' Shares which he received in fiscal year 2001, and which is reflected in the Summary Compensation Table on page 13. The Committee granted Mr. Johnson the stock options reflected in the "Option Grants" table on page 14. The Committee did not award Mr. Johnson any Restricted Shares in fiscal year 2001. The Committee made the award to Mr. Johnson under the Long-Term Incentive Plan reflected in the Long-Term Incentive Plan Awards Table on page 15. While the salary component of Mr. Johnson's fiscal year 2001 cash compensation was predetermined for the year, the Operators' Shares formula bonus was determined by the Company's net earnings for fiscal year 2001 as explained under the

heading "Executive Officer Annual Compensation: Salary and Operators' Share Incentive Plan" on page 10. In addition to salary and formula bonus under the Operators' Share Incentive Compensation Plan, as described above, Mr. Johnson participates in the Company's Long-Term Incentive Plan, through an award granted to Mr. Johnson by the Committee in fiscal year 2000 for the three-year performance period. Mr. Johnson's long-term compensation under the Stock Option Plan and Long-Term Incentive Plan, if any, will depend on the Company's stock price relative to the exercise price of each option granted, and on the attainment by the Company of the performance goals specified for the Long-Term Incentive Plan performance period for which the award is made.

***Deductibility of Compensation Under Internal Revenue Code Section 162 (m)***

Section 162(m) of the Internal Revenue Code, adopted in 1993, imposes a \$1 million cap, subject to certain exceptions, on the deductibility to a company of compensation paid to the five executive officers named in such company's proxy statement. The stockholders voted at the 1997 Annual Meeting of Stockholders to amend and approve the Company's 1991 Key Employee Stock Option and Award Plan to enable options granted under that Plan to qualify as deductible performance-based compensation under Section 162(m), so that any compensation realized from the exercise of stock options would not be affected by Section 162(m). The stockholders voted at the 1998 Annual Meeting of Stockholders to approve the Company's Operators' Share Incentive Compensation Plan and the Company's Long-Term Incentive Plan for the purpose of qualifying those plans under Section 162(m). The Committee believes that compensation paid pursuant to those two Plans will be deductible, except for Dividend Equivalents paid under the Operators' Share Plan (which may not be deductible in full for any named executive officer in a given year). The stockholders voted at the 2000 Annual Meeting of Stockholders to approve the Company's 2000 Stock Incentive Plan so that compensation attributable to stock options and certain other awards granted under that Plan may be excluded from the \$1 million cap as well. Additionally, cash compensation voluntarily deferred by the executive officers named in this Proxy Statement under the Company's Deferred Compensation Plans is not subject to the Section 162(m) cap until the year paid. Thus, compensation paid this fiscal year subject to the Section 162(m) cap is not expected to exceed \$1 million for any named executive officer. Therefore, the Committee believes that the Company will not be subject to any Section 162(m) limitations on the deductibility of compensation paid to the Company's named executive officers for fiscal year 2001.

The Committee continues to consider other steps which might be in the Company's best interests to comply with Section 162(m), while reserving the right to award future compensation which would not comply with the Section 162(m) requirements for nondeductibility if the Committee concluded that this was in the Company's best interests.

**THE COMPENSATION COMMITTEE**

William S. Davila, Chair  
John G. Turner  
John R. Block  
Joseph T. Mallof

## SUMMARY COMPENSATION TABLE

The following table sets forth the cash and noncash compensation for each of the last three fiscal years earned by or awarded to the Chief Executive Officer and the four other most highly compensated executive officers of the Company:

Name and Principal Position	Year	Annual Compensation			Long Term Compensation			
		Salary \$(1)	Bonus \$(2)	Other Annual Compensation \$(3)	Awards		Payouts	
					Restricted Stock Award(s) \$(4)	Securities Underlying Options (#)	LTIP Payouts \$(5)	All Other Compensation \$(6)
Joel W. Johnson	2001	742,400	1,379,406		0	250,000	0	39,816
Chairman, President and Chief Executive Officer	2000	687,200	1,218,229		0	200,000	0	36,411
	1999	610,600	1,065,600		0	180,000	3,346,155	31,993
Gary J. Ray	2001	296,275	590,452		0	75,000	0	16,609
Executive Vice President	2000	271,955	560,385		0	60,000	0	15,107
	1999	252,700	488,400		0	60,000	1,673,078	14,096
Eric A. Brown	2001	242,145	430,392		0	60,000	0	13,567
Group Vice President	2000	220,305	414,198		0	50,000	0	12,294
	1999	191,200	344,100		0	30,000	1,115,385	10,507
Michael J. McCoy	2001	206,270	280,879		0	40,000	0	12,587
Executive Vice President and Chief Financial Officer	2000	175,300	170,552		0	20,000	0	11,519
	1999	155,000	122,100		0	20,000	334,616	10,592
James A. Jorgenson	2001	207,020	275,881		0	30,000	0	12,842
Senior Vice President	2000	192,400	243,646		0	24,000	0	12,105
	1999	179,300	210,900		0	20,000	501,923	11,662

- (1) Includes fee payments of \$100 per meeting attended for each director named in the table.
- (2) Includes Operators' Share Incentive Compensation Plan payments, and amounts voluntarily deferred by the named individuals under the Company's Deferred Compensation Plans, which permit participants to voluntarily defer receipt of all or part of the payments currently due to the participant under the Operators' Share Incentive Compensation Plan.
- (3) There was no other annual compensation exceeding the lesser of \$50,000 or 10% of total annual compensation in each of the years shown.
- (4) None of the named executive officers held any Restricted Stock at the end of the fiscal year.
- (5) The Performance Period for the LTIP awards for which these payments were made commenced on November 1, 1996, and ended on the tenth day on which shares were traded on the New York Stock Exchange following October 30, 1999. Thus, the Performance Period ended thirteen days after the end of the Company's fiscal year 1999. The Compensation Committee believed it was more meaningful disclosure to include these payments in the Proxy Statement for fiscal year 1999 than to delay disclosure until the Proxy Statement for fiscal year 2000.
- (6)

The amount shown includes Company Joint Earnings Profit Sharing distributions which may be authorized by the Board of Directors in its discretion based on Company profits. The total amount of Company distributions declared available to all participants by the Board is allocated in the same proportion as each person's base weekly wage bears to the total base wage for all eligible persons. Payments to the executive officers named in the Table are calculated using the same proportional formula as is used for all eligible employees. Joint Earnings Profit Sharing distributions were for Mr. Johnson \$38,966 in 2001, \$35,561 in 2000, and \$31,143 in 1999; for Mr. Ray \$15,579 in 2001, \$13,952 in 2000, and \$12,789 in 1999; for Mr. Brown \$12,717 in 2001, \$11,444 in 2000, and \$9,657 in 1999; for Mr. McCoy \$10,908 in 2001, \$9,372 in 2000, and \$7,961 in 1999; and for Mr. Jorgenson \$10,908 in 2001, \$9,768 in 2000, and \$9,135 in 1999. "All Other Compensation" also includes Company matching payments of up to \$200.00 under the Company's Founders' Fund Plan and up to \$650.00 under the Hormel Tax Deferred Investment Plan A. Both of these matching payments, in the same amount, are available to all other eligible employees. Company matching payments were for Mr. Johnson \$200 and \$650 in 2001, \$200 and \$650 in 2000, and \$200 and \$650 in 1999; Mr. Ray \$200 and \$650 in 2001, \$200 and \$650 in 2000, and \$200 and \$650 in 1999; for Mr. Brown \$200 and \$650 in 2001, \$200 and \$650 in 2000, and \$200 and \$650 in 1999; for Mr. McCoy \$200 and \$650 in 2001, \$200 and \$650 in 2000, and \$200 and \$650 in 1999; and for Mr. Jorgenson \$200 and \$650 in 2001, \$200 and \$650 in 2000, and \$200 and \$650 in 1999. For Mr. Ray, Mr. McCoy and Mr. Jorgenson, "All Other Compensation" includes Company contributions to a life insurance program which is available to all other eligible employees with benefits proportional to Annual

15

Compensation. Mr. Ray received contributions of \$180 in 2001, \$305 in 2000, and \$457 in 1999, Mr. McCoy received contributions of \$829 in 2001, \$1,297 in 2000, and \$1,781 in 1999, and Mr. Jorgenson received \$1,084 in 2001, \$1,487 in 2000, and \$1,677 in 1999.

**STOCK OPTIONS TABLES**

The following tables summarize option grants and exercises during fiscal year 2001 to or by the executive officers named in the Summary Compensation Table above, and the values of options granted during fiscal year 2001 and held by such persons at the end of fiscal year 2001.

**Option Grants in Last Fiscal Year**

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
	Number of Securities Underlying Options Granted (#)(1)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)(2)	Expiration Date	5% (\$)(3)	10% (\$)(3)
Joel W. Johnson	250,000	23.88%	17.6875	12/6/10	2,780,893	7,047,330
Gary J. Ray	75,000	7.16%	17.6875	12/6/10	834,268	2,114,199
Eric A. Brown	60,000	5.73%	17.6875	12/6/10	667,414	1,691,359
Michael J. McCoy	40,000	3.82%	17.6875	12/6/10	444,943	1,127,573
James A. Jorgenson	30,000	2.87%	17.6875	12/6/10	333,707	845,680

- (1) These option shares are subject to vesting, with twenty-five percent to become exercisable at the end of each year following the date of grant (December 6, 2000) until all are exercisable.
- (2) The options have an exercise price equal to the market price of the Company's Common Stock on the date of grant, December 6, 2000.
- (3) The actual value of these option grants is dependent on the future performance of the Company's Common Stock. There is no assurance that the values reflected in this table will be achieved.

**Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values**

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at Fiscal Year End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year End \$(1)(2) Exercisable/Unexercisable
Joel W. Johnson	0	0	740,000/490,000	7,342,163/2,622,163
Gary J. Ray	60,000	736,500	353,000/150,000	3,646,508/691,313
Eric A. Brown	70,000	769,600	167,500/112,500	1,689,794/587,156
Michael J. McCoy	6,000	39,750	43,000/65,000	369,546/352,038
James A. Jorgenson	63,300	741,070	146,000/58,000	1,500,241/308,833

(1) Unrealized value of in-the-money options at year end represents the aggregate difference between the market value at October 27, 2001 and the applicable exercise price.

(2) The differences between market value and exercise price in the case of unrealized value accumulate over what may be, in many cases, several years.

16

**LONG-TERM INCENTIVE PLAN AWARDS TABLE**

The following table summarizes awards under the Company's Long-Term Incentive Plan during fiscal year 2001 to the executive officers named in the Summary Compensation Table above.

**Long-Term Incentive Plan Awards in Last Fiscal Year**

Name	Number of Shares, Units or Other Rights (\$) (1)	Performance or Other Period Until Maturation or Payout (2)	Estimated Future Payouts Under Nonstock Price-Based Plans		
			Threshold (3) (\$)	Target (4) (\$)	Maximum (5) (\$)
Joel W. Johnson	2,000,000	Three years	1,000,000	2,000,000	6,000,000
Gary J. Ray	1,000,000	Three years	500,000	1,000,000	3,000,000
Eric A. Brown	750,000	Three years	375,000	750,000	2,250,000
Michael J. McCoy	525,000	Three years	262,500	525,000	1,575,000
James A. Jorgenson	300,000	Three years	150,000	300,000	900,000

(1) The award is denominated as the Target dollar amount. Payment of the Target amount, Threshold amount, or Maximum amount is solely dependent on the ranking of the Company's Total Stockholder Return within a peer group at the end of the Performance Period, as described in the Compensation Committee Report on Executive Compensation on page 10. Payments based on percentage ranking are described in footnotes (3)-(5) below. Linear proration will be used to determine the percent of award paid for percentiles other than those listed in footnotes (3)-(5), except that in no event will any payment be made for a ranking which does not exceed the 25th percentile.

(2)

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

The Performance Period commenced on November 1, 1999 and ends the tenth day on which shares are traded on the New York Stock Exchange following October 29, 2002.

- (3) Payment of the Threshold amount requires the Company's Total Stockholder Return ranking within the thirty-four company peer group to exceed the 25th percentile. There is no payment due if the Company's Total Stockholder Return ranking within the thirty-four company peer group is not above the 25th percentile.
- (4) Payment of the Target amount requires the Company's Total Stockholder Return ranking within the thirty-four company peer group to be at the 50th percentile.
- (5) Payment of the Maximum amount requires the Company's Total Stockholder Return to rank first among the thirty-four company peer group.

### PENSION PLAN

The Company maintains noncontributory defined benefit pension plans covering substantially all employees. Pension benefits for salaried employees are based upon the employee's highest five years of compensation (as described below) of the last 10 calendar years of service and the employee's length of service. The Company also maintains a supplemental executive retirement plan that provides pension benefits calculated under the qualified defined benefit pension plan formula that exceed the annual benefit limitation for defined benefit plans qualifying under the Internal Revenue Code. Contingent on Mr. Johnson remaining employed with the Company until at least July 14, 2003, a Company-established plan will credit Mr. Johnson with deemed years of service for purposes of determining both the amount of and eligibility for retirement benefits under the Company's retirement plans. The following tabulation shows the estimated aggregate annual pension payable to an employee under the qualified defined benefit pension plan and the supplemental executive retirement plan upon normal retirement at the end of fiscal year 2001 at age 65 under various assumptions as to final average annual compensation and years of service, and on the assumptions that the retirement plans will continue in effect during such time without change and that the employee will select a single life annuity option. The pension benefits shown below reflect an integration with Social Security benefits.

17

### PENSION PLAN TABLE

Average Annual Compensation	Years of Service						
	15	20	25	30	35	40	45
\$ 250,000	\$ 56,384	\$ 75,178	\$ 93,973	\$ 112,767	\$ 131,562	\$ 150,356	\$ 169,151
\$ 500,000	\$ 116,384	\$ 155,178	\$ 193,973	\$ 232,767	\$ 271,562	\$ 310,356	\$ 349,151
\$ 750,000	\$ 176,384	\$ 235,178	\$ 293,973	\$ 352,767	\$ 411,562	\$ 470,356	\$ 529,151
\$ 1,000,000	\$ 236,384	\$ 315,178	\$ 393,973	\$ 472,767	\$ 551,562	\$ 630,356	\$ 709,151
\$ 1,250,000	\$ 296,384	\$ 395,178	\$ 493,973	\$ 592,767	\$ 691,562	\$ 790,356	\$ 889,151
\$ 1,500,000	\$ 356,384	\$ 475,178	\$ 593,973	\$ 712,767	\$ 831,562	\$ 950,356	\$ 1,069,151
\$ 1,750,000	\$ 416,384	\$ 555,178	\$ 693,973	\$ 832,767	\$ 971,562	\$ 1,110,356	\$ 1,249,151
\$ 2,000,000	\$ 476,384	\$ 635,178	\$ 793,973	\$ 952,767	\$ 1,111,562	\$ 1,270,356	\$ 1,429,151

The compensation for the purpose of determining the pension benefits consists of annual compensation, Restricted Stock Awards, and LTIP Payouts. The years of credited service for individuals listed in the Summary Compensation Table are: 10 years for Mr. Johnson; 33 years for Mr. Ray; 30 years for Mr. Brown; 7 years for Mr. McCoy; and 31 years for Mr. Jorgenson.

### COMPARATIVE STOCK PERFORMANCE

The following graph produced by Research Data Group, Inc. compares the cumulative total stockholder return on the Company's Common Stock during the five fiscal years preceding October 27, 2001, with the Standard & Poor's 500 Stock Index and the Standard & Poor's Food

Group Index (assuming the investment of \$100 in each vehicle on October 31, 1996, and the reinvestment of all dividends during such period).

**Comparison of Five Year Cumulative Total Return  
Among Hormel Foods Corporation, S & P 500 Stock Index, and S & P Food Group Index**

18

---

**OTHER INFORMATION RELATING TO DIRECTORS, NOMINEES,  
AND EXECUTIVE OFFICERS**

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

Persons serving as members of the Compensation Committee during fiscal year 2001 were William S. Davila, John G. Turner, John R. Block, and Joseph T. Mallof. None of these persons was an officer or employee of the Company or any of its subsidiaries during fiscal year 2001, was formerly an officer of the Company or any of its subsidiaries or had any other relationship with the Company or any of its subsidiaries requiring disclosure under the applicable rules of the Securities and Exchange Commission, except that Mr. Block sold hogs to the Company as described in Related Party Transactions, below.

**RELATED PARTY TRANSACTIONS**

During fiscal year 2001 the Company purchased 11,239 hogs in the ordinary course of business (less than 0.15 percent of the Company's total hog purchases) from Block Farms, a partnership owned by Mr. John R. Block and his son, at the same prices paid by the Company to its other spot market hog suppliers. During fiscal year 2001, employees of the Company provided administrative services to The Hormel Foundation, which beneficially owns more than five percent of the Company's Common Stock, for which The Hormel Foundation paid the Company

\$101,423.00, reimbursing the Company for its fully allocated cost for the employee time expended.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, certain officers, and any persons holding more than ten percent of the Company's Common Stock to report their initial ownership of the Company's Common Stock and any subsequent changes in that ownership to the Securities and Exchange Commission and the New York Stock Exchange. Specific due dates for these reports have been established, and the Company is required to disclose in this Proxy Statement any failure to file by those dates during 2001.

In making these disclosures, the Company has relied on the representations of its directors and officers and copies of the reports that they have filed with the Commission.

Based on those representations and reports, it was necessary to file a Form 5 on behalf of Dennis B. Goettsch to cover holdings of which the Secretary's office was unaware at the time of filing the initial Form 3, and a Form 5 on behalf of James W. Cavanaugh to cover a sale of stock made by his broker and not timely reported. It is believed that all other Section 16(a) filing requirements applicable to its directors, officers and greater than ten percent stockholders were met.

**OTHER MATTERS**

The management of your Company does not know of any matters to be presented at the meeting other than those mentioned above. However, if any other matters properly come before the meeting, it is intended that the holders of the proxies will vote thereon in their discretion.

By order of the Board of Directors

J.W. CAVANAUGH  
Secretary

December 28, 2001

**APPENDIX A**

**HORMEL FOODS CORPORATION  
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS  
CHARTER**

**Purpose:**

The purpose of this charter is to define the structure and general responsibilities of the Audit Committee of the Hormel Foods Corporation Board of Directors.

**Policy:**

The Audit Committee is a standing committee of the Board of Directors of the Hormel Foods Corporation. Its members shall all be outside directors who are independent of management and are free of any relationship that would interfere with their exercising impartial judgment in areas concerning the corporation. All committee members must be financially literate, able to read and understand financial statements, or become financially literate within a reasonable period of time after joining the committee. At least one member must have accounting and/or related financial management expertise. This committee meets at least three times annually.

The primary function of the committee is to assist the Board in its oversight responsibilities to the stockholders, the investment community and other appropriate parties in matters related to the organization's ethical business conduct, accounting policies, internal control and financial reporting practices. The committee's involvement encompasses three principal areas: financial reporting, corporate compliance and corporate control.

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

The responsibilities of the Audit Committee are for oversight and do not include conducting audits or determining the accuracy or completeness of the company's financial statements; conducting investigations to resolve disagreements between management and the external auditors; nor assuring compliance with laws, regulations and the company's Code of Ethical Business Conduct.

To carry out their responsibilities the committee shall use the services and resources available from the internal and external auditors. The reliability and effectiveness of the auditors are dependent upon the committee's ability to establish and maintain a free and open means of communication among themselves, the auditors, the Board of Directors and company management. Additionally, the committee has the authority to use other resources either within or outside the company to address special circumstances when appropriate.

### **Mission:**

The Audit Committee of the Board of Directors is responsible for overseeing and monitoring matters related to all policies, procedures and controls used within the corporation. The following are the primary activities of the committee:

Maintains an understanding of the corporation's key areas of financial risk and assesses the steps management takes to minimize such risk

Assists the Board of Directors with the selection, evaluation and replacement of the independent auditors used by the corporation

Ensures that the ultimate accountability of the independent auditors is to the committee and the Board of Directors and that the auditors maintain no relationship with management and/or the company that would impede their ability to provide independent judgment on corporate matters

Oversees the adequacy of the systems of internal control

Oversees the process used in developing the quarterly and annual financial statements of the corporation and reviews the nature and extent of any significant changes in accounting principles or applications used in compiling this information with management and the external auditors

---

Oversees that management has established and maintains processes reasonably calculated to assure the corporation's compliance with all applicable laws, regulations, corporate policies and other matters covered in the corporation's Code of Ethical Business Conduct (Code)

Provides an open avenue of communication between the internal auditors, the external auditors, company management and the Board of Directors

Reviews and updates the committee's charter at least annually

Exercises an active oversight role in the internal audit functions and scope

### **Specific Areas of Involvement:**

#### **Financial Reporting:**

Oversees the external audit coverage to include estimated fees, scheduled visits, formal written confirmation delineating all relationships between the external auditors and the company and otherwise ensuring the auditors' independence, coordination with internal auditing, audit results and auditors' performance

Reviews accounting policies and policy decisions

Examines financial statements

**Corporate Compliance:**

Reviews the systems used to ensure compliance with policies, procedures, plans, regulations and laws that have a significant impact on operations and reports

Oversees the process of monitoring management's systems of compliance to the Code of Ethical Business Conduct and the results of these efforts

Reviews and updates the Code periodically

Reviews cases of noncompliance to the Code

**Corporate Control:**

Reviews the means of safeguarding assets of the corporation and verifying the existence of such assets

Reviews the criteria used in determining the adequacy of the insurance coverage maintained on all corporation assets other than those associated with employee benefits

Appraises the economy and efficiency with which resources are employed

Reviews operations and programs to ascertain whether results are consistent with established goals and objectives

Reviews the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information

Reviews the limits used in the scope and structure of the Information Systems Disaster Recovery Plan to ensure potential risk and associated losses are at a tolerable level

---

COMPANY #  
CONTROL #

---

**There are three ways to vote your Proxy**

Your telephone or Internet vote authorizes the Named Proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

**VOTE BY PHONE TOLL FREE 1-800-240-6326 QUICK \*\*\* EASY \*\*\* IMMEDIATE**

Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week until 11:00 a.m.CT on January 28, 2002.

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

You will be prompted to enter your 3-digit Company Number and your 7-digit Control Number which are located above.

Follow the simple instructions the Voice provides you.

**VOTE BY INTERNET** <http://www.eproxy.com/hrl/> **QUICK \*\*\* EASY \*\*\* IMMEDIATE**

Use the Internet to vote your proxy 24 hours a day, 7 days a week until 12:00 p.m.(noon) CT on January 28, 2002.

You will be prompted to enter your 3-digit Company Number and your 7-digit Control Number which are located above to obtain your records and create an electronic ballot.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we've provided or return it to Hormel Foods c/o Shareowner Services<sup>SM</sup>, P.O. Box 64873, St. Paul, MN 55164-0873.

**If you vote by Phone or Internet, Please do not mail your Proxy Card**

*V Please detach here if you are mailing your proxy card V*

- |                           |   |  |  |
|---------------------------|---|--|--|
| 1. Election of directors: | 01 John W. Allen, 02 John R.Block, 03 Eric A.Brown, 04 William S.Davila, 05 E. Peter Gillette, Jr., 06 Luella G.Goldberg, 07 Joel W. Johnson, 08 Joseph T. Mallof, 09 Michael J.McCoy, 10 Dakota A.Pippins, 11 Gary J.Ray, 12 John G. Turner, 13 Robert R. Waller, M.D. | // FOR all nominees (except as marked to the contrary below) | // WITHHOLD AUTHORITY (to vote for all nominees) |
|---------------------------|---|--|--|

**(Instructions: To withhold authority to vote for any individual nominee, write that nominee's number in box)**

---

---

- |   |        |            |            |
|---|--------|------------|------------|
| 2. PROPOSAL TO APPROVE THE APPOINTMENT OF ERNST & YOUNG LLP AS THE INDEPENDENT AUDITORS OF THE CORPORATION. | // For | // Against | // Abstain |
|---|--------|------------|------------|

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THE PROXY WILL BE VOTED FOR ALL NOMINEES FOR DIRECTORS AND FOR PROPOSAL NO . 2.**

Dated January, \_\_\_\_\_ 2002

Address Change? Mark Box // Indicate changes below:

---

---

Signature(s) in Box

Please sign exactly as name appears to the left. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

**SHARES COVERED BY THIS PROXY CARD ARE LISTED OPPOSITE THE CODES WHICH ARE EXPLAINED BELOW**

**Your signature on this proxy card will appoint a proxy for the shares listed opposite code COMM if you are a shareholder of record and direct the proxy as to how to vote.**

COMM Shares held in your record account for which you are designating and directing a proxy.

**Your signature will also serve as a voting direction to the trustee if you are in an employee plan (ESPP , JEPST, 401K-A or 401K-B) for any shares listed opposite the following codes:**

ESPP Shares held in your account in the Employee Stock Purchase Plan. By signing this proxy, you direct U.S.Bancorp Piper Jaffray to vote those shares, in person or by proxy, as designated herein.

JEPST Shares held in your account in the Hormel Foods Corporation Joint Earnings Profit Sharing Trust. By signing this proxy, you direct Investors Bank Trust to vote those shares, in person or by proxy, as designated herein.

401K-A Shares held in your account in the Hormel Foods Corporation Tax Deferred Investment Plan A (401K). By signing this proxy, you direct Investors Bank Trust to vote those shares, in person or by proxy, as designated herein.

401K-B Shares held in your account in the Hormel Foods Corporation Tax Deferred Investment Plan B (401K). By signing this proxy, you direct Investors Bank Trust to vote those shares, in person or by proxy, as designated herein.

HORMEL FOODS CORPORATION  
1 Hormel Place  
Austin, MN 55912

**PROXY AND VOTING DIRECTION**

**This proxy is solicited on behalf of the Board of Directors.** By signing on the other side of this card you appoint Joel W. Johnson, Michael J. McCoy, Gary J. Ray or a majority thereof present, or if only one be present, then that one, with full power of substitution, and hereby authorize them to represent and to vote as designated on the other side of this card all the shares of Common Stock of Hormel Foods Corporation held of record by you on December 3, 2001, at the Annual Meeting of Stockholders to be held on January 29, 2002, or any adjournment thereof. **This proxy also functions as a voting direction** to the trustee of the employee plan(s) in which Hormel stock was held for your account on December 3, 2001. Please refer to the explanation above.

---

QuickLinks

[NOTICE OF ANNUAL MEETING OF STOCKHOLDERS](#)

[HORMEL FOODS CORPORATION 1 HORMEL PLACE AUSTIN, MINNESOTA 55913](#)

[PROXY STATEMENT](#)

[HOUSEHOLDING INFORMATION](#)

[STOCKHOLDER PROPOSALS FOR 2003 ANNUAL MEETING](#)

ELECTION OF DIRECTORS

NOMINEES FOR DIRECTORS

COMPENSATION OF DIRECTORS

COMMITTEES OF THE BOARD OF DIRECTORS AND MEETINGS

AUDIT COMMITTEE REPORT

APPROVAL OF APPOINTMENT OF AUDITORS

PRINCIPAL STOCKHOLDERS

SECURITY OWNERSHIP OF MANAGEMENT

EXECUTIVE COMPENSATION Compensation Committee Report on Executive Compensation

SUMMARY COMPENSATION TABLE

STOCK OPTIONS TABLES

Option Grants in Last Fiscal Year

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

LONG-TERM INCENTIVE PLAN AWARDS TABLE

Long-Term Incentive Plan Awards in Last Fiscal Year

PENSION PLAN TABLE

COMPARATIVE STOCK PERFORMANCE

Comparison of Five Year Cumulative Total Return Among Hormel Foods Corporation, S & P 500 Stock Index, and S & P Food Group Index

OTHER INFORMATION RELATING TO DIRECTORS, NOMINEES, AND EXECUTIVE OFFICERS

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

RELATED PARTY TRANSACTIONS

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

OTHER MATTERS

APPENDIX A HORMEL FOODS CORPORATION AUDIT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

SHARES COVERED BY THIS PROXY CARD ARE LISTED OPPOSITE THE CODES WHICH ARE EXPLAINED BELOW