

HORMEL FOODS CORP /DE/  
Form DEF 14A  
December 19, 2012  
[Table of Contents](#)

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

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

Filed by the Registrant

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))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material under Rule 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)(4) 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**

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 29, 2013, 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 27, 2013;
  
3. Approve the Hormel Foods Corporation Operators Share Incentive Compensation Plan to enable certain compensation paid under the Plan to continue to qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code;

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

4. Advisory vote to approve Named Executive Officer compensation, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussion set forth in the Company's 2013 annual meeting proxy statement; and
5. Such other matters as may properly come before the meeting.

The Board of Directors has fixed November 30, 2012, 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  
Vice President and

Corporate Secretary

December 19, 2012

**Important Notice Regarding the Availability of Proxy Materials  
for the Stockholder Meeting to be Held on January 29, 2013**

**The Proxy Statement and Annual Report to Stockholders  
are available at [www.proxyvote.com](http://www.proxyvote.com)**

---

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>DIRECTOR NOMINEES</u>	4
<u>CORPORATE GOVERNANCE</u>	6
<u>Corporate Governance Guidelines</u>	6
<u>Board Leadership Structure</u>	6
<u>Code of Ethical Business Conduct</u>	7
<u>Stock Ownership Guidelines</u>	7
<u>Board Independence</u>	7
<u>Board of Director and Committee Meetings</u>	8
<u>Board Role in Risk Oversight</u>	10
<u>Policy Regarding Attendance at Annual Meetings</u>	10
<u>Board Communication</u>	10
<u>COMPENSATION OF DIRECTORS</u>	10
<u>AUDIT COMMITTEE REPORT AND INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES</u>	12
<u>Audit Committee Report</u>	12
<u>Independent Registered Public Accounting Firm Fees</u>	12
<u>Audit Committee Preapproval Policies and Procedures</u>	13
<u>ITEM 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	13
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS</u>	13
<u>SECURITY OWNERSHIP OF MANAGEMENT</u>	14
<u>EXECUTIVE COMPENSATION</u>	14
<u>COMPENSATION COMMITTEE REPORT</u>	14
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	15

<u>Compensation Overview</u>	15
<u>Executive Compensation Programs</u>	16
<u>Base Salary</u>	16
<u>Operators Share Incentive Compensation Plan</u>	16

Table of Contents

<u>Annual Incentive Plan</u>	16
<u>Long-Term Incentives</u>	18
<u>Stock Incentives</u>	19
<u>Clawback Policy</u>	20
<u>Pension Plan</u>	20
<u>Supplemental Executive Retirement Plan</u>	21
<u>Nonqualified Deferred Compensation Plan</u>	21
<u>Survivor Income Protection Plan</u>	21
<u>Perquisites</u>	21
<u>How Annual Compensation Decisions are Made</u>	22
<u>Tax Deductibility</u>	23
<u>ANALYSIS OF RISK ASSOCIATED WITH OUR COMPENSATION PLANS</u>	23
<u>COMPENSATION OF NAMED EXECUTIVE OFFICERS (NEOs)</u>	24
<u>SUMMARY COMPENSATION TABLE</u>	24
<u>ALL OTHER COMPENSATION</u>	25
<u>GRANTS OF PLAN-BASED AWARDS FOR FISCAL 2012</u>	26
<u>OUTSTANDING EQUITY AWARDS AT FISCAL 2012 YEAR END</u>	27
<u>VESTING SCHEDULE FOR UNEXERCISABLE OPTIONS</u>	28
<u>OPTION EXERCISES FOR FISCAL 2012</u>	28
<u>PENSION BENEFITS</u>	28
<u>NONQUALIFIED DEFERRED COMPENSATION</u>	29
<u>POTENTIAL PAYMENTS UPON TERMINATION</u>	29
<u>POTENTIAL PAYMENTS UPON TERMINATION AT FISCAL 2012 YEAR END</u>	30
<u>ITEM 3 APPROVAL OF THE HORMEL FOODS CORPORATION OPERATORS SHARE INCENTIVE COMPENSATION PLAN</u>	31
<u>ITEM 4 ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	34
<u>RELATED PARTY TRANSACTIONS</u>	34
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	35
<u>VIEWING AND DELIVERY OF PROXY MATERIALS</u>	35
<u>STOCKHOLDER PROPOSALS FOR 2014 ANNUAL MEETING OF STOCKHOLDERS</u>	35
<u>OTHER MATTERS</u>	35
<u>Appendix A</u>	
<u>HORMEL FOODS CORPORATION OPERATORS SHARE INCENTIVE COMPENSATION PLAN</u>	

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 29, 2013. This proxy statement and form of proxy, or a notice of internet availability of proxy materials, are first being mailed to stockholders on or about December 19, 2012.

**GENERAL INFORMATION**

*Voting Securities* - Only stockholders of record at the close of business as of November 30, 2012 are entitled to vote at the meeting. The Company had 263,612,318 shares of common stock outstanding as of November 30, 2012. Each share of stock is entitled to one vote. There is no cumulative voting. The Company has no other class of shares outstanding.

*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;
  
- Ratification of the appointment of Ernst & Young LLP as independent registered public accounting firm for the fiscal year ending October 27, 2013;

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

- Approval of the Hormel Foods Corporation Operators Share Incentive Compensation Plan to enable certain compensation paid under the Plan to continue to qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code; and
- Approval of the non-binding resolution to approve the Named Executive Officer compensation, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussion set forth in the Company's 2013 annual meeting proxy statement.

The persons appointed as proxies will vote in their discretion on other matters as may properly come before the meeting.

*Revoking Your Proxy and Changing Your Vote* - You may revoke your proxy or change your vote at any time before it is exercised by submitting a later-dated proxy, voting in person at the meeting or sending a written notice of revocation to 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.

*Quorum* - A majority of the outstanding shares will constitute a quorum at the meeting.

*Impact of Abstentions and Broker Non-Votes* - 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 as shares represented at the meeting and therefore will have no effect on the election of



Table of Contents

directors (Item #1) or the advisory vote on executive compensation (Item #4), but will have the effect of a vote against the ratification of Ernst & Young LLP as independent registered public accounting firm (Item #2) and approval of the Hormel Foods Corporation Operators Share Incentive Compensation Plan (Item #3). 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), approval of the Hormel Foods Corporation Operators Share Incentive Compensation Plan (Item #3), and the advisory vote on executive compensation (Item #4).

**MEETING ADMISSION**

The following persons will be admitted to the Annual Meeting of Stockholders to be held on January 29, 2013:

- Stockholders of record at the close of business on November 30, 2012, and their immediate family members;
  
- Individuals holding written proxies executed by stockholders of record at the close of business on November 30, 2012;
  
- 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 30, 2012, 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 30, 2013. To view this video, follow these instructions:

1. Log on to the Hormel Foods Web site homepage at [www.hormelfoods.com](http://www.hormelfoods.com) through your Internet connection;

2. Place your mouse cursor over the word [Newsroom](#), and click on it; and
3. Place your mouse cursor over the [2013 Annual Meeting](#) video graphic, and click on the arrow icon to view the video.

### 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

*Identifying and Evaluating Nominees for Director* - The Governance Committee is responsible for establishing procedures to identify and review the qualifications of all nominees for Board membership. The Committee considers recommendations of director candidates made by directors, senior management, and the Company's stockholders. The Committee applies the same criteria for consideration of stockholder nominees as it does to nominees proposed by other sources. The Committee may engage an independent search firm to assist the Committee in identifying and evaluating potential director nominees to fill vacancies on the Board. In fiscal 2012, the independent search firm SpencerStuart assisted the Committee in identifying and evaluating potential director nominees.

Stockholders wishing to make a recommendation may do so by contacting the Governance Committee, c/o Brian D. Johnson, Vice President and Corporate Secretary, at 1 Hormel Place, Austin, Minnesota 55912. Stockholders should send:

1. Name of the candidate and the candidate's business and residence addresses;
2. A resume or biographical sketch of the candidate, which includes the candidate's principal occupation or employment;
3. A document(s) evidencing the number of shares of Company stock currently held by the candidate and the candidate's willingness to serve as a director if elected; and
4. A signed statement as to the submitting stockholder's current status as a stockholder, which includes the stockholder's address and the number of shares of Company stock currently held.



Table of Contents

The Committee's procedures include making a preliminary assessment of each proposed nominee. Such assessment is based upon the resume and biographical information, an indication of the individual's willingness to serve, and business experience and leadership skills. This information is evaluated against the criteria set forth below and the Company's specific needs at that time. Based upon a preliminary assessment of the candidates, those who appear best suited to meet the Company's needs may be invited to participate in interviews, which are used to further evaluate candidates. On the basis of information learned during this process, the Committee determines which nominees to recommend to the Board.

The director nominee who joined the Board in September 2012, Christopher J. Policinski, was recommended to the Committee by multiple sources and evaluated along with other potential director nominees. Mr. Policinski was known to the Chief Executive Officer of the Company through their participation in the Grocery Manufacturers of America and was recommended to the Committee by the SpencerStuart firm.

*Director Qualifications* The Governance Committee determines the selection criteria of director nominees based upon the Company's needs at the time nominees are considered. In evaluating director candidates, the Committee will consider a candidate's:

- Intellect;
- Integrity;
- Broad-based experience at the policy-making level in business, government, education or the public interest;
- Analytical ability;
- Ability to qualify as an independent director;
- Ability and willingness to devote time and energy to effectively carry out all Board responsibilities; and
- Unique qualifications, skills and experience.

The Committee reviews past performance on the Board for directors seeking reelection. The Board's annual self-evaluation process assists the Committee in this review.

The Committee considers the diversity of director candidates and seeks to enhance the overall diversity of the Board. Each candidate's diversity in terms of race, gender, national origin and other personal characteristics is considered. The Committee also assesses each candidate's contribution to the diversity of the Board in a broader sense, including age, education, experience, skills and other qualifications. While the Committee carefully considers diversity when evaluating director candidates, it has not adopted a formal diversity policy.

The Committee recommends director nominees to the Board to submit for election at the next Annual Meeting of Stockholders. The Board selects director nominees based on its assessment and consideration of various factors. These factors include the current Board profile, the long-term interests of stockholders, the needs of the Company, and the goal of creating an appropriate balance of knowledge, experience and diversity on the Board.

*Our Nominees for Director* Each of our director nominees is well qualified under the criteria described above. As employees of the Company, Mr. Ettinger and Ms. Feragen do not qualify as independent directors. Each director nominee brings a variety of qualifications, skills, attributes and experience to the Board of Directors.

A common trait among our director nominees is executive leadership experience with a large company or organization. Such experience brings a variety of benefits, including an understanding of business management, various business functions and strategic planning. Other advantages of an executive leadership background include experience with policy making, risk management and corporate governance matters.

Another common characteristic of our director nominees is each has prior service on our Board, although that service is limited for Mr. Policinski, the director nominee who joined the Board in September 2012. Each director nominee has a demonstrated record of regular attendance, advance preparation and active participation in Board and Board committee meetings. Through prior service on the Board committees, our director nominees have demonstrated and further developed expertise relating to the duties assigned to the Board committees.

The biographical information below identifies and highlights additional qualifications, skills, attributes and experience each director nominee brings to the Board.

**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.

Table of Contents

**DIRECTOR NOMINEES**

TERRELL K. CREWS, age 57, director since 2007.

Mr. Crews retired from Monsanto Company, an agricultural company, in November 2009. He served as Executive Vice President, Chief Financial Officer and Vegetable Business CEO for Monsanto Company, from 2007 to 2009, and Executive Vice President and Chief Financial Officer from 2000 to 2007. Mr. Crews is a member of the Board of Directors of Archer-Daniels-Midland Company, Decatur, Illinois, and Rock Tenn Corporation, Norcross, Georgia, and the Board of Trustees of Freed-Hardeman University, Henderson, Tennessee. Mr. Crews brings extensive expertise in finance and related functions to the Board, as well as significant knowledge of corporate development, agri-business and international operations.

JE