

HORMEL FOODS CORP /DE/  
Form 11-K  
April 20, 2017  
[Table of Contents](#)

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

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended October 30, 2016

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-2402

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Hormel Foods Corporation Tax Deferred Investment Plan B**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**Hormel Foods Corporation**

**1 Hormel Place**

**Austin, MN 55912**

**507-437-5611**

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Table of Contents

Hormel Foods Corporation  
Tax Deferred Investment Plan B

Audited Financial Statements and Supplemental Schedule

Years Ended October 30, 2016 and October 25, 2015

**Contents**

<u>Report of Independent Registered Public Accounting Firm</u>	1
<b>Audited Financial Statements</b>	
<u>Statements of Net Assets Available for Benefits</u>	2
<u>Statements of Changes in Net Assets Available for Benefits</u>	3
<u>Notes to the Financial Statements</u>	4
<b>Supplemental Schedule</b>	
<u>Schedule H, Line 4i – Schedule of Assets (Held at End of Year)</u>	12
<u>Signatures</u>	13
<b>Exhibit 23</b>	
Consent of Independent Registered Public Accounting Firm	15

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Table of Contents

## Report of Independent Registered Public Accounting Firm

The Hormel Foods Corporation Employee Benefits Committee

Hormel Foods Corporation Tax Deferred Investment Plan B

We have audited the accompanying statements of net assets available for benefits of the Hormel Foods Corporation Tax Deferred Investment Plan B (the Plan) as of October 30, 2016 and October 25, 2015, and the related statement of changes in net assets available for benefit for the year ended October 30, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at October 30, 2016 and October 25, 2015, and the changes in its net assets available for benefits for the year ended October 30, 2016, in conformity with U.S. generally accepted accounting principles.

The accompanying supplemental schedule of assets (held at end of year) as of October 30, 2016, have been subjected to audit procedures performed in conjunction with the audit of the Hormel Foods Corporation Tax Deferred Investment Plan B's financial statements. The information in the supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the

financial statements as a whole.

/s/ Ernst & Young LLP

Minneapolis, Minnesota

April 20, 2017

Table of Contents

Hormel Foods Corporation  
Tax Deferred Investment Plan B

Statements of Net Assets Available for Benefits

	<b>October 30, 2016</b>	<b>October 25, 2015</b>
<b>Assets</b>		
Investments:		
Investments at fair value	\$ 171,251,826	\$ 161,536,509
Investments at contract value	41,732,508	43,841,881
Total investments	212,984,334	205,378,390
Receivables:		
Contributions from Hormel Foods Corporation	527,230	475,741
Contributions from participants	372,005	371,885
Promissory notes from participants	7,012,226	6,554,318
Interest and dividend income	415,747	-
Total receivables	8,327,208	7,401,944
Net assets available for benefits	\$ 221,311,542	\$ 212,780,334

*See accompanying notes to the financial statements.*

Table of Contents

Hormel Foods Corporation  
Tax Deferred Investment Plan B

Statements of Changes in Net Assets Available for Benefits

	<b>Year Ended October 30, 2016</b>	<b>Year Ended October 25, 2015</b>
Additions:		
Contributions from Hormel Foods Corporation	\$ 2,045,894	\$ 1,447,614
Contributions from participants	7,689,325	7,164,482
Employee rollover	90,027	445,462
Interest and dividend income	4,482,267	3,566,341
Interest income promissory notes receivable	362,552	331,483
Total additions	14,670,065	12,955,382
Deductions:		
Distributions	18,015,756	14,220,555
Administrative expenses	187,777	148,335
Total deductions	18,203,533	14,368,890
Net realized and unrealized appreciation in fair value of investments	12,064,676	24,846,596
Net additions	8,531,208	23,433,088
Net assets available for benefits at beginning of year	212,780,334	189,347,246
Net assets available for benefits at end of year	\$ 221,311,542	\$ 212,780,334

*See accompanying notes to the financial statements.*

Table of Contents

Hormel Foods Corporation  
Tax Deferred Investment Plan B

Notes to the Financial Statements

October 30, 2016

**1. Description of the Plan**

The following description of the Hormel Foods Corporation Tax Deferred Investment Plan B (the Plan) provides only general information. Participants should refer to the plan document or summary plan description for a more complete description of the Plan's provisions.

**General** The Plan is a defined contribution plan covering certain nonexempt hourly employees of Hormel Foods Corporation (the Company or the Sponsor) and eligible subsidiaries. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

**Eligibility** Employees in recognized employment, as defined by the Plan, become participants upon completing one year of eligibility service. A year of eligibility service would be a year beginning with the first day of employment in which an employee worked 1,000 hours or any subsequent fiscal year in which an employee works 1,000 hours.

**Contributions** Employees who elect to contribute to the Plan can authorize a deduction of 1% to 50% of their compensation, subject to Internal Revenue Service (IRS) limitations. Certain eligible employees who have not enrolled shall be deemed to have automatically elected to contribute 2% to the Plan through payroll deductions. Certain participants hired on or after November 11, 2015 and automatically enrolled will have their contribution percentage increased by 1% the following year. Participants receive advance notice of their right to elect out of both of these automatic plan features and are permitted to stop or change either feature at any time.

The employer provides matching contributions, discretionary employer contributions and employer fixed contributions. These contributions vary according to employee classification and employer.

**Participant Accounts** Individual accounts are maintained for each plan participant. Each participant's account is credited with the participant's contributions, the employer's contributions, and an allocation of the earnings and losses for the participant's selected investment funds. The participant's account is charged with an allocation of administrative expenses if the employer does not pay those expenses from its own assets. Allocations are based on account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

**Investments** Contributions to the Plan are invested in one or more investment funds at the option of the participant. The Plan contains a diversified selection of funds intended to satisfy Section 404(c) of ERISA. Participants may also invest in self-directed brokerage accounts.

Table of Contents

**Vesting** Employee contributions are fully vested immediately. The vesting periods for employer contributions are dependent upon the source of the contributions as well as the location and/or the bargaining agreement of the employee. No vesting periods for this plan are longer than three years.

**Payment of Benefits** Benefits are payable upon termination of service due to death, disability, termination, or retirement. Participants may elect to receive the vested interest of their accounts in the form of a lump sum, annuity, partial payments, or installments. Complete details of payment provisions are described in a Summary Plan Description, available from the Sponsor.

**Forfeitures and Unallocated Assets** Forfeited balances of terminated participants' non-vested accounts are used to reduce future employer contributions or plan administrative expenses. Forfeitures used to reduce employer contributions and plan administrative expenses for the years ended October 30, 2016 and October 25, 2015, totaled \$55,411 and \$35,981, respectively. Forfeited accounts and unallocated assets (e.g. loan repayments, rollovers) as of October 30, 2016 and October 25, 2015 were \$20,951 and \$5,823, respectively.

**Notes Receivable from Participants** Participants may borrow from their accounts a minimum of \$500 up to a maximum of the lesser of \$50,000 or 50% of their vested account balances. Loan terms range from one year to five years or up to 15 years for the purchase of a primary residence. The interest rate is 2% over the prime rate of interest published in *The Wall Street Journal* on the date the loan is granted or, if the loan is for a primary residence, on the date the loan is requested. The loans are secured by the balance in the participant's account. Participants are required to make repayments of principal and interest through payroll deductions. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

**Plan Termination** The employer may, at its sole discretion, discontinue contributions or terminate the Plan at any time, without the consent of any participant or beneficiary subject to restrictions set by the collective bargaining agreement and subject to the provisions of ERISA. Upon the Plan's termination, all amounts credited to participants would become fully vested, and assets of the Plan would be distributed to participants based on amounts previously credited to their respective accounts.

## 2. Significant Accounting Policies

**Basis of Accounting** The accounting records of the Plan are maintained on the accrual basis.

**Investment Valuation and Income Recognition** Investments held by the Plan are stated at fair value with the exception of fully benefit-responsive investment contracts. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Contract value reflects the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan and is the relevant measure for the portion of assets attributable to fully benefit-responsive investment contracts. See Note 3 Fair Value Measurements for further discussion of investment valuation.

Table of Contents

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Payment of Benefits** Benefit payments to participants are recorded upon distribution. There were no distributions payable to participants as of October 30, 2016 or October 25, 2015.

**Notes Receivable from Participants** Promissory notes receivable from participants are valued at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. No allowance for credit losses has been recorded as of October 30, 2016 or October 25, 2015.

**Administrative Expenses** All costs and expenses of administering the Plan are paid by the Plan.

**Use of Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States (US GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Risks and Uncertainties** The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market volatility, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

**Recent Accounting Pronouncements** In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which removes the requirement to present investments for which the practical expedient is used to measure fair value at net asset value (NAV) within the fair value hierarchy table. Instead, an entity would be required to include those investments as a reconciling item so that the total fair value amount of investments in the disclosure is consistent with the fair value investment balance on the statement of net assets available for benefits. The Plan elected to early adopt ASU 2015-07 as of October 25, 2015. The adoption has been reflected in Note 3 Fair Value Measurements of the financial statements.

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contract, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient*, which simplifies the required disclosures related to employee benefit plans. Part I eliminates the requirement to measure and disclose the fair value of fully benefit-responsive contracts, including common collective trust assets. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirement to disclose individual investments which comprise 5% or more of total net assets

Table of Contents

available for benefits, as well as the net appreciation or depreciation of fair values by type. Part II also requires plans to continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics, and risks. Furthermore, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III allows plans to measure investments using values from the end of the calendar month closest to the plan's fiscal year end. The Plan elected to early adopt ASU 2015-12 Parts I and II as of October 25, 2015. The Plan is not adopting the provisions of ASU 2015-12 Part III.

### **3. Fair Value Measurements**

Accounting guidance establishes a framework for measuring fair value. That framework classifies assets and liabilities measured at fair value into one of three levels based on the lowest level of input significant to the valuation. The three levels are defined as follows:

- Level 1: Observable inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Observable inputs, other than those included in Level 1, based on quoted prices for similar assets and liabilities in active markets, or quoted prices for identical assets and liabilities in inactive markets.
- Level 3: Unobservable inputs that reflect an entity's own assumptions about what inputs a market participant would use in pricing the asset or liability based on the best information available in the circumstances.

The following is a description of the valuation methodologies used for instruments held by the Plan measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

#### **Non-Pooled Separate Account**

The non-pooled separate account consists of common stock of the Company, which is valued at the last reported sales price on the last business day of the year, and a portion of uninvested cash, which is reported at carrying value as maturities are less than three months. This non-pooled separate account is deemed to be a Level 1 investment. The Company has implemented a dividend pass through election for its participants.

Participants are authorized to invest up to 100% of the fair value of their net assets available for benefits in this fund. Each participant in this fund is entitled to exercise voting rights attributable to the shares allocated to their account and is notified by the Company prior to the time that such rights may be exercised. The trustee is not permitted to vote any allocated shares for which instructions have not been given by a participant. The trustee votes any unallocated shares in the same proportion as those shares that were allocated, unless the Committee directs the trustee otherwise. Participants have the same voting rights in the event of a tender or exchange offer.

Table of Contents

Effective January 1, 2017, State Street Global Advisors was appointed as the independent fiduciary to oversee the Hormel Foods Corporation Stock Fund.

This fund is approximately 52% and 48% of the total investments in the Plan at October 30, 2016 and October 25, 2015, respectively.

**Self-Directed Brokerage Assets**

The self-directed brokerage assets consist of common stock and mutual funds, which are valued at the last reported sales price on the last business day of the year, and uninvested cash, which is recorded at carrying value as maturities are less than three months. These assets are deemed to be a Level 1 investment.

**Separate Trust Accounts Mutual Funds**

The mutual funds are held in separate investment accounts, which are valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, which include a mix of U.S. and international equities, fixed income investments, and cash. There are no restrictions on redemptions and no unfunded commitments.

- The U.S. equities investments include a mix of predominately U.S. common stocks, bonds, and cash.
- The international equities investment includes a mix of predominately foreign common stocks and cash.
- The fixed income investment includes a mix of domestic and foreign securities, including corporate obligations, government securities, mortgage-backed and other asset-backed securities, preferred stocks, and cash.

**Separate Trust Accounts Collective Trust Funds**

The collective trust funds are held in separate investment accounts, which are valued using the NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, which include a mix of U.S. and international equities, fixed income investments, and cash. There are no restrictions on redemptions and no unfunded commitments.

- The LifePath funds are target retirement date funds and include investments in highly diversified funds designed to remain appropriate for investors in terms of risk through a variety of life circumstances. These funds contain a mix of domestic and foreign equities, fixed income investments, and cash.
- The U.S. equities funds include a mix of predominately U.S. common stocks, bonds, and cash.
- The international equities fund includes a mix of predominately foreign common stocks and cash.
- The fixed income fund includes a mix of domestic and foreign securities, including corporate obligations, government securities, mortgage-backed and other asset-backed securities, domestic and foreign common stocks, and cash.

Table of Contents

The investments of the Plan that are measured at fair value on a recurring basis as of October 30, 2016 and October 25, 2015, and their level within the fair value hierarchy, are as follows:

	<b>Fair Value Measurements at October 30, 2016</b>			
	<b>Total</b>	<b>Quoted Prices</b>	<b>Significant</b>	<b>Significant</b>
	<b>Fair Value</b>	<b>in Active</b>	<b>Other</b>	<b>Unobservable</b>
		<b>Markets for</b>	<b>Observable</b>	<b>Inputs</b>
		<b>Identical Assets</b>	<b>Inputs</b>	<b>Inputs</b>
		<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
Investments at fair value:				
Non-pooled separate account:				
Hormel Foods Corporation Stock Fund	\$ 110,712,367	\$ 110,712,367	\$	\$