Thank you for your interest in the 2008 Hormel Foods Corporate Responsibility Report. For more than 117 years, corporate responsibility has been in the fabric of everything we do at Hormel Foods. In this Executive Summary, please find highlights of our progress made and future goals through the prism of Our Way — our corporate values structure—as embodied in the areas of people, process, products, performance and philanthropy. The full content of our report is available at hormelfoods.com/CSR/2008.

Our efforts and our reporting continue to evolve, and we hope you agree both have become more comprehensive and more effective. I hope you enjoy reading about how we have achieved our successes and are working to meet our challenges.

Jeffrey M. Ettinger
Chairman of the Board,
President and Chief Executive Officer
Compensation

Our compensation and benefits programs attract and retain top talent. We are honored to report that 54 percent of all employees at Hormel Foods had five years or more of service in fiscal year 2008. To support long-term careers, employees participate in professional development that involves regular reviews, comprehensive training and opportunities for career enhancement and advancement.

Diversity and Inclusion

At Hormel Foods, diversity and inclusion are among our key company strategies. To that end, we define diversity as respect for, and inclusion of, the unique differences of every individual, which encompasses personal attributes, values and organizational roles.

To assist the company with meeting the growing needs of our diverse workforce and ensure inclusion, we convened a cross-functional diversity and inclusion council. We provide formal inclusion training to our managers and are putting the foundation in place to encourage employee resource groups to form.

Professional Development

In fiscal years 2007 and 2008, total hours spent on training were 259,274 and 325,905, respectively. Per employee, this equaled 14 hours of training in fiscal year 2007 and 17 hours of training in fiscal year 2008.

Safety

Hormel Foods is a leader in our industry for employee safety and is known for its award-winning programs. This commitment is evidenced by our injury incident rates being equal to or below the Bureau of Labor Statistics industrial average for NAICS 3116 Animal Slaughtering and Processing.

These results are driven by a team effort devoted to safety and ergonomics that requires every employee’s participation. Soliciting input from every individual fosters innovation in this area and cultivates a safe environment where people aspire to work and build long-term careers.

The report uses the Global Reporting Initiative (GRI) G3 Guidelines, which provide a recommended framework and indicators for reporting. Find more information at www.globalreporting.org.
To reduce the impact our day-to-day operations have on the environment and ensure industry-leading animal welfare and husbandry practices.

Our goal is to set the food industry’s “gold standard” for reducing the impact our operations have on the environment. We are also committed to initiating and implementing the highest animal welfare practices in the industry.

**Environment** Hormel Foods understands that our operations impact the environment and that we have control over the outcome of our actions. The production and transportation of consumer goods impacts the environment by consuming energy and water and producing air emissions and waste. Our products travel to stores and restaurants in more than 40 countries by rail, truck and ship. Once purchased, the product packaging is disposed of by consumers. The following graphs demonstrate the progress we have made toward mitigating our impact in the areas of energy, water, solid waste management and air.

**Responsible Animal Treatment** Our commitment to ensuring all animals are raised in a healthy environment and treated properly starts with training, reinforcement and knowledge of each person’s skills while he or she interacts with each hog and turkey. We expect training and proper animal management to be the foundation of each production facility’s culture and reinforced daily in the behavior exhibited by all employees. Our hogs and turkeys come from both company-owned farms and independent family farms. We hold our company management staff and the independent producers who supply animals to Hormel Foods to high standards. We also encourage employees at company farms and at independent family farms to hold each other accountable for proper animal handling techniques. Our full animal welfare policy is available at www.hormelfoods.com.

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**Total Indirect Greenhouse Gas Emissions** (thousand metric tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>501</td>
<td>516</td>
</tr>
</tbody>
</table>

**Total Direct Greenhouse Gas Emissions** (thousand metric tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>229</td>
<td>237</td>
</tr>
</tbody>
</table>

**Total Indirect Energy Consumption** (million kWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>692</td>
<td>706</td>
</tr>
</tbody>
</table>

**Total Direct Energy Consumption** (million MMBTU)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>4.31</td>
<td>4.28</td>
</tr>
</tbody>
</table>

**Total Water Use** (billions of gallons)

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>5.67</td>
<td>5.42</td>
</tr>
</tbody>
</table>

**Percentage Recycled of Total Waste**

<table>
<thead>
<tr>
<th>Year</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>25%</td>
<td>32%</td>
</tr>
</tbody>
</table>

**Waste Disposal Method**

- 65% Recycled and Landspread
- 45% Landfill

The report uses the Global Reporting Initiative (GRI) G3 Guidelines, which provide a recommended framework and indicators for reporting. Find more information at www.globalreporting.org.

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For more information about Process visit hormelfoods.com/CSR/2008/process
Products

To deliver wholesome, nutritious and great-tasting products to our consumers, we concentrate our efforts on food safety, food quality and health and wellness.

Setting High Food Quality and Safety Standards  One of founder George A Hormel’s many quotes reflects how quality and continuous improvement have been at the company’s core since 1891 — “We should constantly set the standards of achievements higher and higher; employees should strive for uniformity in quality.”

Hormel Foods invests substantial time and resources in developing a comprehensive training program for our employees to achieve this quality. This program starts the moment an employee is hired and is reinforced with ongoing food safety education relevant to their job responsibilities.

All Hormel Foods and subsidiary facilities are audited for adherence to our stringent quality, food safety and sanitation programs by internal staff as well as by several third-party auditing organizations. We also are committed to sharing best practices with industry partners and investing in new food safety technology.

Innovative Products  The company has announced the “Go for $2B by 2012” goal, which aims to achieve growth through innovation — $2 billion in total sales of products created since 2000 by the year 2012. We achieved $1.3 billion in sales in fiscal year 2008 with new products introduced since fiscal year 2000.

The Research and Development division works in conjunction with a new products development team to focus on key initiatives to adapt our products for today’s consumer with a focus on health and wellness.

Innovation at Hormel Foods expands beyond our U.S. operations, as evidenced by the opening of the Idea and Innovation Center in the Baoshan District of Shanghai, China, in February 2008.

Healthy Options  Hormel Foods is concerned about health and wellness, which is why we offer a variety of products that meet consumers’ needs for low-sodium and all-natural products. In 2007 and 2008, we removed more than 560,000 pounds and 436,738 pounds of salt from our existing product line, respectively.

Several of our products have been recognized for their healthy attributes:

• Hormel® Natural Choice® deli meats were recognized as the “Best Packaged Cold Cuts” product by Men’s Health magazine for its 2007 and 2008 Nutrition Awards.

• Women’s Health magazine featured Hormel® Natural Choice® deli meats, Hormel® Roast Beef Au Jus Refrigerated Entree and Saag’s® chicken brats in their second annual “125 Best Packaged Foods for Women” article.

For more information about Products visit hormelfoods.com/CSR/2008/products

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Performance

To maintain the highest integrity and success of our business, we are committed to corporate governance and financial sustainability.

For 117 years, Hormel Foods has been guided by the values of integrity and innovation. The company has flourished by promoting the best governance practices with high standards for transparency and accountability, as well as financial sustainability through sound business decisions. By applying these guiding principles, Hormel Foods has experienced tremendous growth.

In just eight years, our company has increased sales from $3 billion to more than $6 billion. While it took us from 1891 to 1999 to reach $3 billion, our commitment to innovation resulted in our ability to double our sales in the last eight years.

Financial Highlights (In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$6,193,032</td>
<td>$6,754,903</td>
</tr>
<tr>
<td>Net Earnings</td>
<td>$301,892</td>
<td>$285,500</td>
</tr>
</tbody>
</table>

Conducting Business Ethically Maintaining a high ethical standard is extremely important at Hormel Foods. From employees working in our plants to members of the Board of Directors, we see it as our responsibility to apply ethics to all decisions and actions.

Code of Ethical Business Conduct At Hormel Foods, we require our employees to be trained on our company’s policies and procedures. Our Code of Ethical Business Conduct serves as a guide for our employees, officers and directors in making business decisions. The code covers topics such as fair employment practices, harassment, safety, diversity, environmental responsibility and product integrity. Additionally, our code of conduct outlines our policies on conflict of interest, gifts, illegal payments, illegal political contributions and disciplinary action.

Communicating Our Way To ensure our employees understand the value system at Hormel Foods, we communicate Our Way in our employees’ native languages. In the United States, for example, we provide this information in Spanish, as well as English.

If our employees observe anything that does not comply with our code and the values outlined in Our Way, we provide a hotline number to facilitate anonymous employee feedback and address concerns. To ensure accountability, this hotline is operated by an independent third-party organization.

Board of Directors and Corporate Governance The Board of Directors oversees all activities at Hormel Foods and is ultimately responsible for ensuring that the company’s performance is based on strong ethical practices. The board consists of 13 members, 10 of whom are independent. Hormel Foods President and Chief Executive Officer Jeffrey M Ettinger serves as chairman of the board, and at the end of fiscal year 2008, Luella G Goldberg, was appointed to a newly created lead director position to ensure additional independent leadership within the Board of Directors.

The Board of Directors has adopted the Corporate Governance Guidelines that outline their responsibilities to the company.

Open Communication with Stakeholders We welcome feedback on our corporate responsibility performance and reporting from our stakeholders. In addition, we offer interested parties the opportunity to communicate with the Board of Directors on various topics related to business. All communications, whether signed or anonymous, will be directed to the chair of one of the committees based on the subject matter of the communication, to the non-employee directors, or the specified directors.

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At Hormel Foods, we have a long tradition of supporting the communities where we live and work, which started 117 years ago when the company was founded in Austin, Minn. As our business has grown, we have expanded our operations into new communities and our efforts to support these areas.

In fiscal years 2007 and 2008, we continued to focus our efforts on hunger relief and raising awareness of the hunger problem. During the period, we donated more than 1.5 million pounds of product to food banks. We also promoted education through supporting our employees who volunteer as tutors for after-school programs and by awarding more than $125,000 in scholarships annually.

In 2008, The Hormel Institute’s expansion and renovation project provided more resources and modernized equipment for scientists who study natural cancer-preventive compounds found in food. Hormel Foods donated $5 million for the project that tripled the size of the original 1960 facility.

**Contributing to Communities** Investing in the communities where our employees live and supporting hunger relief and awareness are ongoing focuses at Hormel Foods. In fiscal years 2007 and 2008, we donated $2.6 million and $3.9 million, respectively, toward these efforts.

**Product Donations** Through our position as a leader in the food industry, we feel fortunate to be equipped to help alleviate hunger in our communities. In both fiscal years 2007 and 2008, our efforts through product donations and thought leadership have helped struggling food banks keep their shelves stocked with much-needed protein products. We were honored when Channel One Food Bank and Food Shelf named us the 2007 Donor of the Year for our contributions.

In fiscal year 2008, we offered assistance to Feeding America (formerly known as America’s Second Harvest), which continued our support for the organization since 1979. The donation included more than 81,000 pounds of protein that provided meals to nearly 430,000 people in need during the holiday season.

**Hunger Thought Leadership** To stay at the forefront as a thought leader regarding the topic of hunger, we commissioned our second annual and third annual Hormel Hunger Survey in fiscal years 2007 and 2008, respectively. The study continues to explore the attitudes and behaviors of the American general public relative to the key domestic issues of poverty and hunger.

**Supporting Education in our Community** In the past year, Hormel Foods and its subsidiaries have supported aspiring students and local schools across the country. Efforts include:

- Hormel Foods partnered with Hy-Vee in 2008 for the CHARACTER COUNTS!™ College Scholarship Contest.
- Jennie-O Turkey Store offered nearly $50,000 in scholarships to employees, their dependents and graduating seniors in the communities where the company operates.
- Hormel Foods awarded $50,000 for scholarships to the Fisher House Foundation (FHF), a military nonprofit organization devoted to supporting America’s military as part of the SPAM™ Operation Education Scholarship Fund in 2007.

The report uses the Global Reporting Initiative (GRI) G3 Guidelines, which provide a recommended framework and indicators for reporting. Find more information at www.globalreporting.org.
People

Assisting Employees in Need  Jennie-O Turkey Store recognizes that sometimes employees encounter unforeseen crisis situations that create financial hardships. Through establishing the Crisis Assistance Relief Effort (CARE), employees can apply for financial assistance during emergency situations, such as a fire, flood or hospitalization of a loved one. Since the program’s inception in July 2006, the CARE fund has disbursed more than $97,000 in emergency funds.

Process

Leadership in Energy and Environmental Design (LEED)  In July 2008, we broke ground on a new food processing facility in Dubuque, Iowa, that will add capacity to produce Hormel® Compleats® microwave meals and other grocery products. The plant is designed to incorporate substantial energy and water savings systems. Once the facility is completed, we expect to meet LEED certification requirements. LEED is a rating system developed by the U.S. Green Building Council to promote the design and construction of high-performance green facilities.

Sustainability Best of the Best  To encourage innovative solutions among our plants, we expanded our Best of the Best competition in 2008 to include a sustainability category. Plants applying for this award must demonstrate how their employees are working to achieve goals through special projects that are targeted toward decreasing the plant’s impact on the environment. Below is a summary of the final five projects.

- The Hormel Foods Plant in Austin, Minn., won the Sustainability Best of the Best Champion title for its initiative to reduce energy and water consumption and to improve recycling.
- The Diamond Crystal Brands Plant in Savannah, Ga., made plant-wide waste management and recycling improvements.
- The Jennie-O Turkey Store Plant in Barron, Minn., deployed team-wide recycling and waste management improvement projects.
- The Jennie-O Turkey Store Plant in Faribault, Minn., used communications, feedback, audits and follow-up with employees across all divisions to generate a year-over-year water savings.
- Rochelle Foods in Rochelle, Ill., made a comprehensive effort to reduce energy, water and solid waste.

Philanthropy

Employees Countrywide Donate to Charities in Plant Communities  In the spirit of Our Way, employees have led efforts to support people in need through donations to local organizations. These efforts are often coordinated by exemplary employees who volunteer for the local employee enrichment committee at each plant.

Salvation Army  Employees at several plants have organized donations for the Salvation Army’s Adopt-A-Family program. For this program, employees purchased toys for children, clothing items and groceries.

American Cancer Society  Annually, multiple Hormel Foods locations support the American Cancer Society’s Relay for Life event — the organization’s signature event, which often lasts for 24 hours and takes place throughout the night. For example, the Hormel Foods Plant in Beloit, Wis., has participated in Relay for Life for more than 10 years. During this period, they have collected nearly $40,000 to support the ongoing efforts to fight cancer and raise awareness of cancer prevention and treatment.

Jennie-O Turkey Store employees participated in the American Cancer Society’s Relay for Life event in October 2008 to support cancer research. The company provided support as a gold-level sponsor for the event in Kandiyohi, Minn.
# 2008 Corporate Responsibility Goals

## Focus/Goals from 2007 Report/Timing | Progress | Future Plans
--- | --- | ---
**Diversity**
Promote a more diverse and inclusive workplace, ongoing. | 2008: Formed the Diversity and Inclusion Council. 2008: Rolled out inclusion training program. | We will continue inclusion training with employees. We are encouraging the formation of employee resource groups to meet the growing needs of our diverse workforce and to ensure inclusion.

**Supplier Diversity**
Implement a supplier diversity program by November 2008. | 2008: Developed online vendor portal for suppliers to register business profiles, increasing accessibility for suppliers. 2008: Developed supplier diversity statement. | We will continue to analyze spend for 2007 and 2008 to recognize future supplier diversity opportunities. We are reviewing registered diversity suppliers within our online vendor portal for potential supplier diversity opportunities.

**Benchmarks**
Establish individual benchmarks for measuring energy consumption, solid waste management, air emissions and water consumption at our 41 U.S. manufacturing facilities by November 2008. | Benchmarks have been established for all 41 U.S. manufacturing facilities for fiscal year 2007 and fiscal year 2008. | N/A

**Water Consumption**
Reduce water consumption at all 41 U.S. manufacturing facilities by 2 percent per year for five years after benchmarks are established at beginning of fiscal year 2009. | Benchmarks have been established for 41 U.S. manufacturing facilities for fiscal years 2007 and 2008. 2008: Reduced water consumption by 4 percent in fiscal year 2008 compared to fiscal year 2007. | We will continue to implement water reduction projects through capital improvements and general awareness initiatives for employees.

**Solid Waste**
Increase recycling to 40 percent of total waste by November 2008. Increase recycling to 50 percent of total waste by November 2011. | 2008: Increased recycling to 32 percent of total waste in fiscal year 2008 from 29 percent in fiscal year 2007. Of the 18 plants reported in the 2007 Hormel Foods Corporate Responsibility Report, 10 have exceeded the 2008 goal and seven have already met the 2011 goal. | We continue to help all facilities meet and exceed the 40 percent recycling goal while working toward the company-wide goal to recycle 50 percent of total waste by 2011. Our plants continue to conduct recycling awareness initiatives. We are restating this goal to focus on solid waste reduction: Our new goal is to reduce solid waste to landfills by 2 percent per year through 2012, which emphasizes the importance of eliminating waste at its source. We will still monitor our recycling efforts to maximize the amount of waste that we can eliminate from landfills.

**Energy Consumption**
Reduce energy use at our 41 U.S. manufacturing facilities by 2 percent per year for five years after benchmarks are established at beginning of fiscal year 2009. | Benchmarks have been established for 41 U.S. manufacturing facilities for fiscal years 2007 and 2008. 2008: Energy consumption increased 0.24 percent in fiscal year 2008, with production levels increasing 2.5 percent. | We will continue to implement energy projects including capital improvements and plant assessments.

**Package Minimization Initiative**
Reduce product packaging by 2 million pounds by November 2007. Adopt similar goals each year thereafter. | 2008: Completed 44 packaging reduction projects that resulted in 5.2 million pounds in savings. 2007 and 2008: Worked with packaging suppliers on sustainability improvements. | Our packaging team continues to identify sustainability projects, which include more than 30 active projects as of October 2008. We will report on the amount of packaging reduction in the 2009 report. We continue to work with packaging suppliers on sustainability improvements.

**Air Emissions**
No goal established. | Benchmarks have been established for 41 U.S. manufacturing facilities for fiscal years 2007 and 2008. 2008: Joined the EPA Climate Leaders program. | We will set a greenhouse gas (GHG) reduction goal by the end of 2009. We will continue to measure emissions for 41 U.S. manufacturing locations and work toward our GHG reduction target. We will increase Trailer on Flatcar shipments and continue to increase load capacity by structuring pallet loads, reviewing product mixes and improving route planning.

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*Goal was not included in the 2007 Hormel Foods Corporate Responsibility Report*

**Global Reporting Initiative:** The 2008 Hormel Foods Corporate Responsibility Report uses the G3 Guidelines developed by Global Reporting Initiative (GRI), the internationally recognized standard for responsibility reporting. The following G3 indicators are included in this executive summary:

**Economic:** EC7, EC8  
**Environmental:** EN1, EN4, EN8, EN16, EN18, EN22, EN26, EN29  
**Social:** LA1, LA2, LA8, LA10, LA11, SC3, PR1

**Scope of this report:** The reporting data is from fiscal year 2007 and fiscal year 2008 (November 2006 to October 2008) and the boundary of the report includes all entities that Hormel Foods exercises control or significant influence with regard to financial and operating policies and practices.

**Feedback:** Tell us what you think at sustainability@hormelfoods.com and hormelfoods.com/CSR/2008/feedback