Corporate Responsibility Report  | Executive Summary

2010 Hormel Foods

Elevate the Everyday, Our Way
2010 Highlights

5.6 million pounds
5.6 million pounds of product packaging reduced

11% water use reduction
Reduced water use by 11 percent when normalized for production from our baseline year of 2006

8% sodium reduction
8 percent sodium reduction in select products

11% increase in sales from 2009
Dollar sales of $7.2 billion up 11 percent from 2009

27% better than average
Outperformed the industry average for the Total Case Incident Rate for worker safety

125 million gallons & 6 million kWh saved
125 million gallons of water and 6 million kWh saved through Sustainability Best of the Best projects – an annual employee competition rewarding sustainability efforts

$5.7 million donated
Donated more than $5.7 million in products and cash to charitable organizations focused on education and hunger relief efforts

100s of children fed
Distributed Spammy™, a fortified, shelf-stable turkey spread to help address childhood malnutrition
Elevate the Everyday, 
Our Way

Thank you for taking time to read the Executive Summary of our 2010 Corporate Responsibility Report.

As in past years, we have made an effort to improve our performance and to be more transparent in reporting on that performance. But this is not a solitary effort. Rather, as with any company engaged in this process, it is done in partnership with our various stakeholders — our employees, investors, community members, suppliers, legislative/regulatory representatives, consumers, customers and our honest critics. We value your interest and input, which helped shape 2010 into a year that produced some gratifying milestones, the launch of new initiatives, and, yes, some challenges — all part of our commitment to “Elevate the Everyday, Our Way.”

Two milestones stand out: The first is our new facility, Progressive Processing, LLC, in Dubuque, Iowa, which has been awarded LEED® Gold; and the second is being added to the Dow Jones Sustainability Index (DJSI), which represents the world’s top 10 percent of sustainable companies.

In many ways, our Dubuque facility represents the culmination of our commitment to sustainable operations, with significant reductions in water and energy use compared to typical facilities. DJSI validates that we are managing our business not only profitably, but also sustainably and innovatively.

Our commitment to “Elevate the Everyday, Our Way” through continuous improvement, requires fresh resolve and new initiatives, especially in certain key areas, including:

Health & Wellness: The national demand for healthier food options is here to stay. At Hormel Foods, we have listened to our consumers and are committed to expanding our existing portfolio of realistic options to help them achieve their wellness goals, while also delivering taste and convenience. In 2010, we established a new sodium-reduction goal and are committed to giving consumers the information they need to make smart choices for themselves and their families.

Food Safety: Safe food is the most fundamental promise we make to our consumers. We maintained our leadership in the area through participation in the Global Food Safety Initiative (GFSI) — an internationally recognized, third-party food safety management system. Today, 36 Hormel Foods facilities are certified according to GFSI.

Environment: In terms of our environmental performance, 2010 represented a year of progress, but also challenges. We have again reduced water use, the amount of solid waste sent to the landfill and the amount of packaging in our products. However, unfortunately, based on our 2010 data, we are not meeting the aggressive energy-reduction goal we set to accomplish by the end of fiscal year 2011. We have made significant capital investments to increase energy efficiencies, which have offset increased energy use in our facilities. With one year remaining to meet our goal, I can assure you we are working hard to determine how we can meet the goal we originally established.

Efforts in these areas will continue to grow in the coming year, and we will launch new initiatives, one of the most exciting of which will be our Supplier Responsibility Principles. When distributed, these will help ensure our partners understand and can support our commitments.

In all of this, we have been and will continue to be guided by “Our Way” — which expresses our guiding principles for all areas of the business. The principles are not new. In fact, they are 120 years old, as is our company. But the way we fulfill them continues to evolve, based in large part on your priorities and your input. You are part of this process, so we urge you to make your views known. Please share them at http://2010csr.hormelfoods.com/feedback/. We thank you.

Sincerely,

Jeffrey M. Ettinger
Chairman of the Board,
President and Chief Executive Officer
All progress reported is based on fiscal year 2010 activities. Environmental data has been normalized for production. Goals, unless otherwise indicated, were established in previous reports.

<table>
<thead>
<tr>
<th>Category</th>
<th>Focus</th>
<th>Goals and Timing</th>
<th>2010 Progress</th>
<th>Future Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>Diversity and Inclusion</td>
<td>Promote a more diverse and inclusive workplace, ongoing.</td>
<td>Continued Managing Inclusion training program for people managers. Provided individual contributor Appreciating Differences training to all employees.</td>
<td>Encourage the formation of additional employee resource groups to meet the growing needs of our diverse workforce and to ensure inclusion.</td>
</tr>
<tr>
<td>Safety</td>
<td>Perform better than the OSHA industry average for TCIR, DAFWII and DART each year.</td>
<td>TOR: Outperformed OSHA industry average by 27 percent with a rate of 5.0. DAFWII: Outperformed OSHA industry average by 36 percent with a rate of 8.7. DART: Outperformed OSHA industry average by 28 percent with a rate of 3.3.</td>
<td>We will continue to aspire to perform better than OSHA average on these indicators and excel in worker safety in our operations.</td>
<td></td>
</tr>
<tr>
<td>Process</td>
<td>Energy Conservation</td>
<td>Reduce energy use at our U.S. manufacturing facilities by 10 percent by end of fiscal year 2011 using fiscal year 2006 as a benchmark.</td>
<td>Indirect energy consumption increased 9 percent in fiscal year 2010 compared to 2006 levels. Direct energy consumption decreased by 6 percent compared to 2006 levels.</td>
<td>During the past year we implemented several significant capital projects designed to reduce energy use and expect to see results in the following year. We will continue to emphasize energy conservation throughout the organization.</td>
</tr>
<tr>
<td></td>
<td>Water Use Reduction</td>
<td>Reduce water consumption at our U.S. manufacturing facilities by 10 percent by end of fiscal year 2011 using fiscal year 2006 as a benchmark.</td>
<td>Reduced water consumption by 11 percent in fiscal year 2010 compared to 2006 levels.</td>
<td>We will continue to implement water reduction projects through capital improvements and awareness initiatives for employees.</td>
</tr>
<tr>
<td></td>
<td>Solid Waste Recycling</td>
<td>Increase recycling to 50 percent of total waste by November 2011 using fiscal year 2006 as a benchmark.</td>
<td>Recycling was 41 percent of total waste in fiscal year 2010 compared to 38 percent in fiscal year 2009.</td>
<td>We will continue to help all facilities meet and exceed the company-wide goal to recycle 50 percent of total waste by 2011. Our plants continue to conduct recycling awareness initiatives and focus on solid waste reduction.</td>
</tr>
<tr>
<td></td>
<td>Solid Waste Minimization</td>
<td>Reduce solid waste to landfills by 10 percent by end of fiscal year 2011 using fiscal year 2006 as a benchmark.</td>
<td>Reduced solid waste to landfills by 28 percent in 2010 compared to 2006 levels.</td>
<td>We will continue to work with our locations to find new ways to reduce the solid waste to landfills through recycling, reuse or reduction of materials used.</td>
</tr>
<tr>
<td></td>
<td>Air Emissions</td>
<td>Reduce greenhouse gases at our U.S. manufacturing facilities by 10 percent by end of fiscal year 2014 using fiscal year 2009 as a benchmark.</td>
<td>Increased greenhouse gas emissions 0.5 percent compared to fiscal year 2009.</td>
<td>We will continue to identify and implement practices to reduce our greenhouse gas emissions and report the progress toward the reduction goal.</td>
</tr>
<tr>
<td></td>
<td>Package Minimization Initiative</td>
<td>Reduce product packaging by 3 million pounds annually from 2006 to 2011.</td>
<td>Reduced packaging by 5.6 million pounds; completed 68 packaging reduction projects.</td>
<td>Our packaging team continues to identify sustainability projects, which included initiating more than 70 projects. We will continue to work with packaging suppliers on sustainability improvements.</td>
</tr>
<tr>
<td>Products</td>
<td>$2 Billion in Sales of New Products</td>
<td>Earn $2 billion in total sales from products created since 2000 by the year 2012.</td>
<td>New products attributed to more than 21 percent of revenue.</td>
<td>We will continue to develop new products that meet changing consumer tastes and preferences.</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>Charitable Contributions</td>
<td>Contribute $4.2 million to local communities and hunger initiatives.</td>
<td>Contributed $5.7 million to local communities and hunger initiatives.</td>
<td>We will continue to support local communities and hunger initiatives.</td>
</tr>
</tbody>
</table>

1 OSHA (Occupational Safety and Health Administration) industry average refers to the rate for NAICS (North American Industry Classification System) 3116 Animal Slaughtering and Processing. TCIR (Total Case Incidence Rate), DAFWII (Days Away from Work, Restricted Work or Job Transfer Injury and Illness). DART: Outperformed OSHA industry average by 27 percent with a rate of 5.0.
2 Percentage calculated using 2009 OSHA industry average rates.
3 Does not include Progressive Processing LLC (Dubuque, IA) production facility – our LEED® Gold facility, which began production in 2010.
Living Our Principles

The principles of Our Way underscore integrity in everything we do at Hormel Foods. The following examples tell a piece of the story about how we are living our principles.

Environmental Sustainability Best of the Best Winners

Burke Corporation in Nevada, Iowa, was named the champion of the 2010 Environmental Sustainability Best of the Best, which is our annual competition to reward sustainable projects. Through employee involvement, the implementation of a weekend water shutdown list, equipment changes and training, the Burke team reduced its actual water use in 2010 by 10 percent from 2009 and 24 percent from 2008. In addition, Burke increased use efficiency by 15 percent from 2009 and 42 percent from 2008. More than 40 million gallons of water were saved in two years.

2010 External Awards and Recognition

The company was recognized with more than 45 awards and rankings during this reporting period. These include:

Dow Jones Sustainability Index
• Component of World Index

CR Magazine’s 100 Best Corporate Citizens
• Hormel Foods ranked No. 40

America’s Most Trustworthy Companies, published at Forbes.com
• Included in the Large-Cap Companies with an AGR score of 75

Maplecroft CII Benchmark
• Hormel Foods ranked No.126

Experience, Inc. Best Places to Work for Recent Grads
• Hormel Foods was one of 20 companies named “Best Places to Work for Recent Grads”

Farmer John Gives Kids a Place to Play

Farmer John, a subsidiary of Hormel Foods and beloved brand to generations of families since 1931, partnered with businesses in the Vernon, Calif., area to donate funds to their local school district.

The principal and various teachers at the Vernon City Elementary School voiced concern about the safety of existing playground equipment used by 4- and 5-year-old students, many of whom are children of Farmer John employees. The existing playground equipment was added to the school grounds when the school was originally constructed and as a result had become unsafe for children.

The school did not have funds to purchase new equipment so Vernon civic business members – including Farmer John – contributed funds to purchase and install new state-of-the-art playground equipment. The city matched the funds of every business that donated to this endeavor.

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: Elevating Innovation with Our People

Key Highlights
- 58 percent of employees have been at the company for five or more years.
- Our employee safety rates, such as Days Away from Work Injury and Illness, continue to outperform the industry.
- Recognized on the Best Places to Work for New College Grads by Experience, Inc. and on The 25 Best Manufacturing Companies to Sell For by Selling Power magazine as part of its annual ranking of The 50 Best Companies to Sell For.

Our Employees
More than 19,500 employees are a part of Hormel Foods. In plants and offices around the United States and joint ventures in countries, such as China and the Philippines, our employees are our greatest asset.

Training
To support our tradition of fostering long-term careers, employees receive formal training applicable to their level of responsibility and expertise throughout their career at Hormel Foods. The total hours spent on training in fiscal year 2010 was 321,750.

Safety
Hormel Foods is a leader in the meat industry for employee safety and is known for its award-winning safety programs. Our commitment to safety is evidenced by our injury/illness incident rates, which are equal to or below the Bureau of Labor Statistics (BLS) industrial average for North American Industry Classification System (NAICS) 3116 Animal Slaughtering and Processing. More safety statistics can be found below and at http://2010csr.hormelfoods.com/people/safety/.

Wellness Our Way
Through our Wellness Our Way program for employees, we continue to cultivate and maintain a culture of health that is focused on encouraging and empowering employees to make healthy lifestyle choices through awareness, prevention and positive behavior change. In 2010, the program included initiatives such as a 100-day wellness challenge that encouraged participants to create a lifestyle of healthy habits, physical activity, improved nutrition and weight loss in a team-based structure; and a mini-walking challenge that measured the collective number of steps walked during four weeks.

Diversity
We have implemented employee resource groups, which are a network of employees who share a common identity, characteristic or set of interests who meet to build relationships, identify and generate potential solutions to workplace issues and create opportunities to help Hormel Foods drive positive business results.

Total Case Incident Rate
(number of recordable incidents per every 100 full-time employees)

<table>
<thead>
<tr>
<th>Year</th>
<th>Hourly</th>
<th>Salaried</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>9.1</td>
<td>8.4</td>
</tr>
<tr>
<td>2007</td>
<td>8.4</td>
<td>7.6</td>
</tr>
<tr>
<td>2008</td>
<td>7.6</td>
<td>7.5</td>
</tr>
<tr>
<td>2009</td>
<td>6.5</td>
<td>6.5</td>
</tr>
<tr>
<td>2010</td>
<td>5.5</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Responding to Employees Feedback
As a result of the Employee Engagement Survey results, which we reported last year, we made several changes including increasing our focus on growth and development, improving work/life balance and rewarding our employees. One way we rewarded our employees included creating a discretionary award ($250/employee) as well as Universal Stock options. We demonstrated focus on growth and development by revising our performance ratings and enhancing our performance management process documentation.

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Wellness Our Way
(number of cases that involve days away from work per every 100 full-time employees)

<table>
<thead>
<tr>
<th>Year</th>
<th>Hourly</th>
<th>Salaried</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1.3</td>
<td>0.9</td>
</tr>
<tr>
<td>2007</td>
<td>0.9</td>
<td>1.2</td>
</tr>
<tr>
<td>2008</td>
<td>1.1</td>
<td>0.8</td>
</tr>
<tr>
<td>2009</td>
<td>1.1</td>
<td>0.6</td>
</tr>
<tr>
<td>2010</td>
<td>0.7</td>
<td>0.7</td>
</tr>
</tbody>
</table>

1 2010 BLS data not available until Fall 2011.

For more information about People visit http://2010csr.hormelfoods.com/people/
Responsible Animal Care

Treating animals humanely is simply the right thing to do. This philosophy is demonstrated by our openness to share our company’s best practices and state-of-the-art facility designs with others involved in the industry.

Our animals come from both company-owned farms and independent family farms. Each one of our employees who works with animals is trained extensively to properly care for our hogs or turkeys. We know that we must keep our animals healthy to continue making the highest quality food products, so we do not tolerate any abuse of animals and we give our animals medications to keep them healthy. To protect our animals from extreme weather conditions, predators and disease, hogs and turkeys are raised in barns with climate-controlled environments. Within these facilities, 100 percent of the market hogs for Hormel Foods are housed in group pens and 100 percent of the turkeys raised by Jennie-O Turkey Store are housed in open barns. More information and our full animal care policy are available at www.hormelfoods.com.

Environment

We continue to report and set goals for energy, solid waste, water and greenhouse gas data for all U.S. manufacturing locations, with the exception of energy and air emissions data, which do not include our LEED® Gold Progressive Processing LLC (Dubuque, IA) production facility that began operation in 2010. We adjust our baseline as we acquire and divest locations and report data that has been normalized by pounds of finished goods shipped from our plants. Throughout the company, dedicated teams are working to identify ways to reduce our environmental impact. More information about packaging minimization efforts, water use reduction projects, partnerships and other efforts with local municipalities is available at http://2010csr.hormelfoods.com/process/environment/.

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Innovative New Products and Product Varieties
Hormel Foods and its subsidiaries continue to introduce new products and product varieties to meet consumer wants and needs that are savory and wholesome quality foods. We focus on four platform areas: convenience meals, value-added protein products, value-added fresh meat and solution products aimed at foodservice deli. The following featured products include some of the newest portfolio additions:

**Farmer John® products:**
- Extra-lean ground pork endorsed with the American Heart Association (AHA) checkmark and minimally processed with no artificial ingredients.
- Seasoned lean pork burgers, which all have less than 11 grams of fat.
- Reduced fat beef franks, which have 33 percent less fat than original beef franks.
- Several new varieties of sausages and hot dogs.

**Hormel®**
- turkey pepperoni minis
- pepperoni stix
- Black Label® bacon varieties
- Jennie-O Turkey Store® So Easy® Entrees
- Jennie-O Turkey Store® smoked turkey sausages
- Jennie-O Turkey Store® slow roasted turkey pot roast for the rotisserie section of the deli
- Lloyd’s Woodfire Barbeque® premium smoked meats
- Compleats® Kids, which is an excellent source of protein and has no preservatives, artificial colors, trans fats or high fructose corn syrup.
- Cure 81® ham steaks

**Healthy Options**

**Reducing Sodium** While sodium is a functional ingredient for taste, preservation and food safety, we established a goal to lower sodium levels by 15 percent in our products by 2020. We also aim for a single serving of our products to have one-third of the recommended daily amount of sodium.

**Percentage of Total Sales of Products Reduced in Sodium**

<table>
<thead>
<tr>
<th>Products Reduced in Sodium</th>
<th>Percentage of Total Sales Per Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hormel® chili</td>
<td>12%</td>
</tr>
<tr>
<td>Hormel® Compleats® shelf-stable meals</td>
<td>7%</td>
</tr>
<tr>
<td>Jennie-O Turkey Store® deli turkey breast line</td>
<td>5.8%</td>
</tr>
<tr>
<td>Jennie-O Turkey Store® white turkey burgers</td>
<td></td>
</tr>
<tr>
<td>Jennie-O Turkey Store® fresh seasoned turkey burgers</td>
<td></td>
</tr>
<tr>
<td>Jennie-O Turkey Store’s new lower sodium foodservice varieties</td>
<td></td>
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</tbody>
</table>

**Food Safety Leadership**
To ensure objective oversight of the highest food safety and quality standards, Hormel Foods works with the Global Food Safety Initiative (GFSI), an internationally recognized, third-party food safety management system.

Hormel Foods had one of the first manufacturing facilities to be certified by GFSI. A total of 36 Hormel Foods manufacturing sites have been certified by GFSI-recognized food safety management systems, which include the British Retail Consortium (BRC) Global Standard for Food Safety and Safe Quality Food (SQF) Institute. To receive this certification, Hormel Foods sites were audited against one or more GFSI food safety recognized standards, which are overseen by accreditation and certification bodies.

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Conducting our Business Ethically

Our Code of Ethical Business Conduct serves as a guide for our employees, officers and directors in making business decisions. The code covers many topics that we discuss in our full corporate responsibility report online, including fair employment practices, harassment, safety, diversity, environmental responsibility and product integrity. Additionally, our code of conduct outlines our policies on conflicts of interest, gifts, illegal payments, illegal political contributions and disciplinary action. At Hormel Foods, all of our policies follow local and national laws in the United States and elsewhere. One hundred percent of our subsidiaries, joint ventures and company locations are covered under our code of conduct, which includes attesting to compliance with the Foreign Corrupt Practices Act. When considering a company for merger or acquisition, we conduct due diligence and examine the suppliers of the prospective party, ensuring it does not violate this code. To ensure adherence to our code of conduct, we established a compliance program that upholds accountability through reporting, tracking and investigations of possible violations of the code.

Key Highlights
- Named as one of “The 100 Most Trustworthy Companies” by Forbes for financial transparency and conservative accounting practices.
- Added to the Dow Jones Sustainability Index, a highly regarded list of the most sustainable companies around the world.
- Achieved a sales increase of 10.5 percent and strong, double-digit earnings growth.

Performance-based Executive Compensation

Hormel Foods has a compensation committee within our Board of Directors that consists exclusively of nonemployee, independent directors. The committee establishes and administers the compensation and benefit programs, and upholds two primary goals:
- Attract and retain highly qualified executive officers; and
- Incent the behavior of executive officers to create stockholder value.

Board of Directors and Corporate Governance

The Hormel Foods Board of Directors consists of 12 members; 10 of whom are independent. The Board of Directors oversees all activities at Hormel Foods and is ultimately responsible for ensuring the company’s performance is based on strong ethical practices.

Our Governing Principles
The company’s stockholders elect the members of the Board of Directors each year at our Annual Meeting. The governance committee of the Board of Directors is responsible for identifying and recommending individuals qualified to become members of the board, overseeing succession planning for the corporation’s chief executive officer, ensuring the corporation’s personnel resources are being managed responsibly and effectively and developing and recommending to the Board of Directors a set of corporate governance principles applicable 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. All communications, whether signed or anonymous, are directed to the chair of one of the committees based on the subject matter of the communication to the nonemployee directors.

Public Policy
Many legislative issues affect the food industry. To participate in this dialogue, Hormel Foods is involved in several different ways, including:

- Being a member of trade organizations that conduct lobbying on behalf of the food industry. These organizations include the American Meat Institute, Grocery Manufacturers of America, National Meat Association and National Restaurant Association.
- Monitoring legislative and regulatory issues and conducting lobbying activity when the company determines it is vital to its operations.

International Operations

Hormel Foods International Corporation (HFIC) is a wholly owned subsidiary of Hormel Foods Corporation and has joint ventures in several countries, including China, the Philippines, South Korea, Mexico and Japan. When we enter markets outside of the United States, it is our policy to manage the operation with the same rules and procedures that we commit to in the United States, adapting to local laws as well.

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**Education and Hunger**

The class at Kennedy Elementary School in Willmar, Minn., thanks Jennie-O Turkey Store for their contribution of nearly $25,000 to local schools and libraries to support reading programs and to buy books and computers.

For maximum impact, Hormel Foods focuses on two main areas for our philanthropy efforts — education and hunger. We support scholarships, hunger initiatives and community activities that advance these two important areas of focus. We have found these are the areas that most directly align with our business initiatives and are two areas our employees support with passion.

**On Our Way to Ending Hunger**

More than half of children under the age of five are malnourished in Guatemala. Recognizing our expertise in food manufacturing, distribution and protein, which are important components to feeding the hungry around the world, we developed Spammy™, a fortified, shelf-stable turkey spread to help nourish children in Guatemala through a partnership with Food for the Poor and Caritas Arquidiocesana.

Domestically, we support local food banks and continue our more than 30-year partnership with Feeding America. In 2010, we donated more than $5.7 million in products and cash to various community and hunger relief efforts. For example, we contributed 18,000 cans of SPAM® classic and 15,000 cans of Hormel® chili to the Minnesota Zoo’s display celebrating its 10-year anniversary of the Wells Fargo Family Farm. At the end of the display in October 2010, the cans of food were donated to Second Harvest Heartland, a member of Feeding America and the Upper Midwest’s largest hunger-relief organization.

**The Hormel Institute**

At the end of 2010 we marked the final year of our $5 million contribution to The Hormel Institute’s expansion project, which was completed in September 2008. The Hormel Institute conducts leading cancer research and is a research unit of the University of Minnesota and collaborative research partner with the Mayo Clinic.

**Total Charitable Contributions**

![Graph of Total Charitable Contributions](image)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>2.4</td>
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<tr>
<td>2007</td>
<td>2.7</td>
</tr>
<tr>
<td>2008</td>
<td>4.3</td>
</tr>
<tr>
<td>2009</td>
<td>4.8</td>
</tr>
<tr>
<td>2010</td>
<td>5.7</td>
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¹Cash and in-kind donations; all numbers reflect Hormel Foods and Jennie-O Turkey Store donations (2009 Hormel Foods Corporate Responsibility Report did not include Jennie-O Turkey Store numbers)

**The Hormel Hunger Survey**

The Hormel Hunger Surveys provide a comprehensive profile of the perception of hunger in America. Key findings from 2010 include:

- More than one in four (28 percent) Americans say in the past year they or someone they know have had to make a choice between providing food for their family or paying their bills; and
- Six out of 10 Americans do not believe we will solve the hunger problem in the United States in the next 20 years, while about one-third (35 percent) think we will solve this problem. The rest are unsure.

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Hormel Foods has a complex supply chain with suppliers for hogs, turkey, ingredients, packaging materials, transportation and more. As part of our ongoing assessment of how the supply chain fits within our overall corporate responsibility and sustainability initiatives, in 2010, we developed Supplier Responsibility Principles that outline specific areas of responsibility with which we expect our suppliers to comply. We plan on launching these principles with suppliers in fiscal year 2011.

During production, many factors are involved. This diagram illustrates the components necessary to produce a product and the resulting outputs. Our main focus for measuring our impact on the environment is our production because we have direct responsibility for these operations.

Agricultural commodities and distribution/consumption fall primarily outside of our direct responsibility, since the majority of these items are purchased from independent farmers. We acknowledge we do have influence and are always looking for ways to ensure our values and principles are upheld throughout our supply chain.

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**Supply Chain**

**Animal Production**

*Inputs:*
- Electricity, feed, fuel, land, water

*Outputs:*
- Hogs, turkeys, air emissions, organic soil nutrients, compost, wastewater

**Processing**

*Inputs:*
- Meat, spices, vegetables, packaging materials, electricity, equipment, fuel, water

*Outputs:*
- Fresh and shelf-stable products, air emissions, organic soil nutrients, solid waste to landfills, wastewater, recycling

**Distribution**

*Inputs:*
- Fresh and shelf-stable products, fuel, shipping materials

*Outputs:*
- Air emissions, recycling

**Consumption**

*Inputs:*
- Fresh and shelf-stable products, fuel, electricity, equipment

*Outputs:*
- Air emissions, waste to landfills, recycling

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1 The diagram is a representation of our supply chain.
The balanced model at Hormel Foods is a key driver for our annual growth. Through five segments — Grocery Products, Refrigerated Foods, Jennie-O Turkey Store, Specialty Foods and All Other — we insulate ourselves from ever-changing market forces. The diversity of these different businesses allow us to be successful in a variety of economic conditions.

With our products, Hormel Foods has more than 34 brands in the No.1 or No. 2 market share position.

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