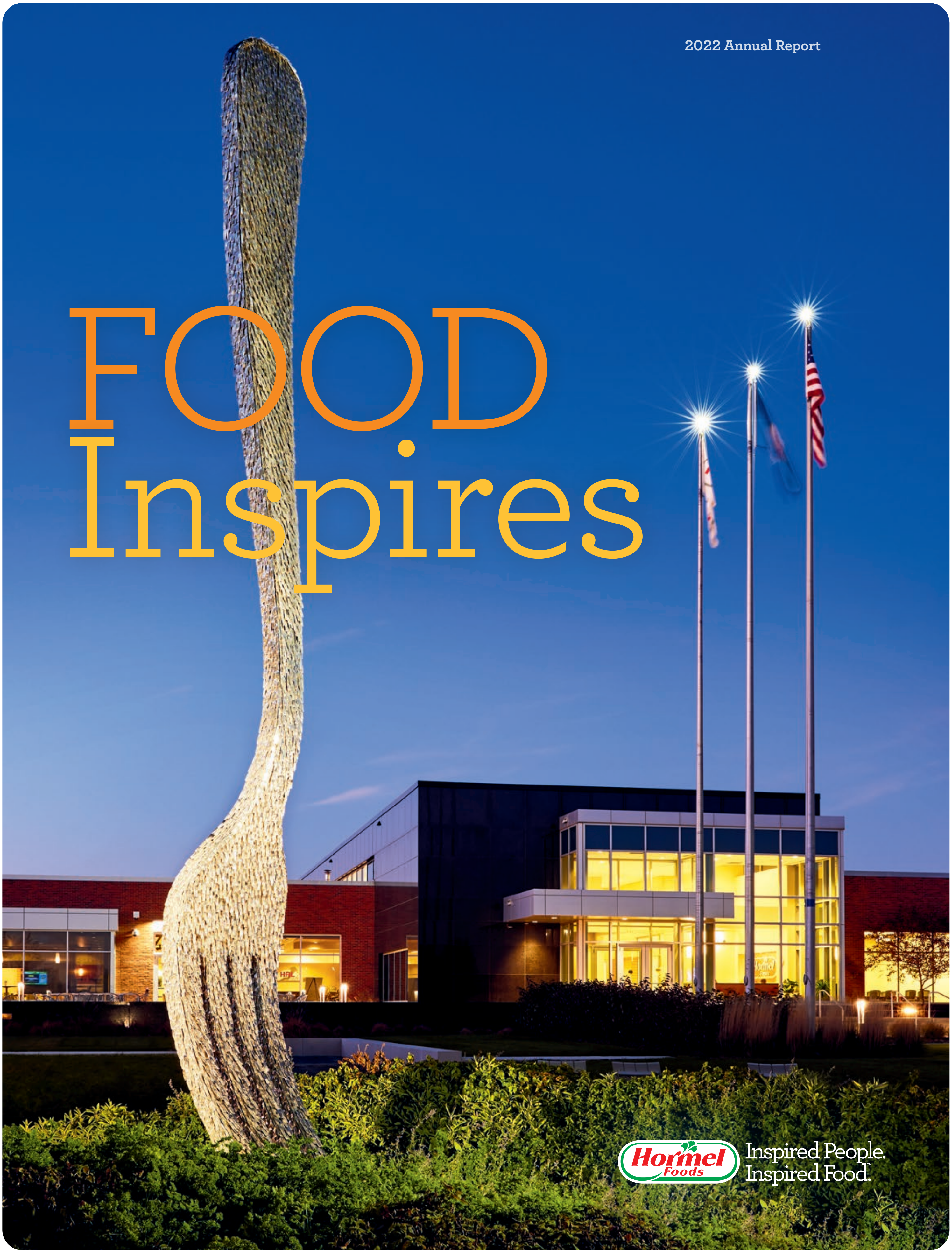
2022 Annual Report

FOOD Inspires



Hormel Foods

Inspired People. Inspired Food.™

FOOD Inspires

Dear fellow shareholders:

At Hormel Foods, we believe that food inspires and is at the center of everything we do. For the last 131 years, it has been the inspiration driving what we do best: making great food that nourishes, feeds and brings family and friends together.

Business Dynamics and Outlook

In fiscal 2022, we continued our efforts to protect and grow our core brands, amplify our presence in snacking and entertaining, diversify our portfolio with ethnic and Food Forward offerings, lead in the foodservice industry, expand internationally and transform our company.

We again delivered on our promise of making great food, achieving record company sales. Demand for our products in the marketplace remained robust, and for the first time in the company's history, sales eclipsed $12 billion. Consumers and operators have continued to engage with our brands due to the value, convenience and versatility they provide, further supporting our strategy of building a balanced portfolio with both premium and value offerings.

Net sales for U.S. retail products grew 7% during the year, led by brands such as *Planters*®, *SPAM*®, *SKIPPY*®, *Applegate*®, *Columbus*®, *Hormel Gatherings*®, *WHOLLY*®, *Hormel*® *Natural Choice*®, *Dinty Moore*®, *Hormel*® *Square Table*™ and *Mary Kitchen*®. Of note, the *SPAM*® family of products achieved its eighth consecutive year of record growth. Our teams remain focused on the long-term needs of the business as well as protecting the equity of our leading brands.

Six strategic priorities: Accelerating our evolution as an Uncommon Global Branded Food Company

Protect & grow our core brands

Keeping our brands relevant and strong

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Amplify scale in snacking & entertaining

Combining the power of our brands to complement and expand our presence

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Enhance growth of our ethnic & Food Forward portfolios

Evolving our portfolio to meet the changing needs of consumers

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Likewise, demand for our U.S. foodservice products was very strong, exceeding pre-pandemic levels and growing sales 20% compared to last year. Operators again turned to our items to help solve for labor pressures and diversify menu offerings. We drove excellent growth in this critically important channel, highlighted by brands such as *Hormel® Bacon 1™*, *Austin Blues®*, *Hormel® Fire Braised™* and *Café H®*. Our foodservice portfolio and direct-selling organization are key differentiators and growth catalysts for the company.

In another year of highly volatile and difficult operating conditions, our team delivered the second most profitable year in the company's history and significant earnings growth compared to fiscal 2021, benefiting from the addition of the *Planters®* brand and strong contributions from the Jennie-O Turkey Store and Refrigerated Foods segments. This required strong execution and the tireless work of all our teams, as together, we overcame broad-based inflationary pressures, supply chain disruptions, the impacts from highly pathogenic avian influenza and numerous headwinds in our international business.

Our evolution as an uncommon global branded food company continued in fiscal 2022. We made considerable progress on our transformational efforts at Jennie-O Turkey Store and successfully integrated our largest acquisition to-date, the *Planters®* snack nuts business. We are also extremely excited about the next step in our evolution — our Go Forward (GoFWD) initiative.

Jim Snee
Chairman of the Board, President
and Chief Executive Officer

As we look ahead, we expect to deliver sales and earnings growth in fiscal 2023 despite an operating environment that remains volatile, complex and high-cost. We believe we will continue to benefit from our balanced business model, which is not heavily dependent on any one channel, protein, input or product category. Our long-term strategy to meet consumers where they want to eat, with a broad portfolio of trusted brands and products, will continue to set our business apart, helping to drive growth for our customers and operators.

Capital Management

We again generated more than $1 billion in cash from operations, allowing us to invest in future growth and return cash to shareholders.

Expand leadership in Foodservice

Leveraging our expertise and partnerships as an industry leader

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Aggressively develop our global presence

Bringing meaningful scale to select global markets

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Continue to transform our company

Supporting our businesses with best-in-class processes, innovation and technology

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We invested $279 million in capital projects in 2022, including capacity expansions for key product lines such as bacon and pepperoni. Our investments in the business over the last three years have provided us a runway for growth in many on-trend categories such as pizza toppings, charcuterie and bacon, and we look forward to additional capacity opening in the first half of fiscal 2023 for our *SPAM*® family of products. We recently announced another large expansion to our operations in China, which will support our ambitions to aggressively develop our global presence.

We returned a record amount of cash to our shareholders in the form of dividends in 2022 and maintained our distinction as a Dividend Aristocrat. We paid over $550 million in dividends and announced an increase to the dividend for fiscal 2023. The new annualized rate of $1.10 per share marks our 57th consecutive year of dividend increases.

Our Food Journey™ & 20 By 30 Challenge*

Last year, as part of *Our Food Journey™*, we announced a set of 20 qualitative and quantitative goals to achieve by the end of 2030 to make the world a better place — our 20 By 30 Challenge.

We made significant progress on these goals in fiscal 2022, including:

- Committing to the advancement of our antibiotic stewardship efforts and piloting an antibiotic use measurement and reporting system.
- Matching 100% of our domestic energy use in fiscal 2022 with renewable sourcing.
- Remaining on track to have an approved science-based target for the reduction of greenhouse gas (GHG) emissions by 2023.
- Becoming a major sponsor of an up to 50,000-acre regenerative-agriculture pilot project in central and southeast Minnesota.
- Providing support to over 150 students — including many first-generation college students — as part of our groundbreaking college degree program, *Inspired Pathways*.
- Announcing our commitment to create a food-secure-community program in Austin, Minn., with the additional goal of sharing the blueprint and findings globally.

*More information on the 20 By 30 Challenge can be found in the Company's 2021 Annual Global Impact Report available online at https://csr.hormelfoods.com

As a result of these efforts and many more, we continued to receive accolades for our corporate and social responsibility. We were named for the first time one of America's most trusted companies and for the third year in a row one of America's most responsible companies by Newsweek, recognized as one of the world's top female-friendly companies by Forbes, named one of the 100 best corporate citizens by 3BL Media, ranked No. 57 on the U.S. Environmental Protection Agency's Fortune 500® list of the largest green power users from the Green Power Partnership and ranked for the first time in the Investor's Business Daily annual report of the 100 best ESG companies. We also received several Impact Awards from Progressive Grocer for our educational support and food-security programs.

We believe food has the power to inspire, change lives, lift up communities and bring people together. Through food, we are making a difference.

Senior Leadership Changes

In addition to the many new appointments and management changes effective with the GoFWD initiative, fiscal 2022 was another year marked with leadership retirements and advancements.

In November 2021, after a 20-year career with Hormel Foods, Luis Marconi, group vice president of Grocery Products, announced his retirement. Luis helped create an organization focused on marketing and brand building, and he notably played a key role as the founding leader of MegaMex Foods. Jeff Frank succeeded Luis as group vice president, Grocery Products.

Company recognition

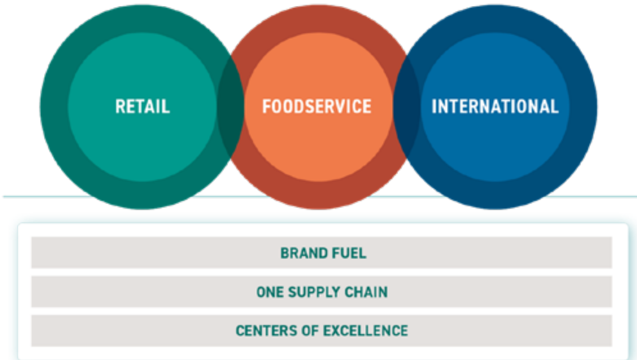
Hormel Foods is consistently recognized for our commitment to consumers, team members and the communities where we live and work.

AMERICA'S MOST TRUSTED COMPANIES 2022 Newsweek statista

BEST FOR VETS 2022 MILITARY TIMES EMPLOYERS

3BL MEDIA 100 Best Corporate Citizens 2022

INVESTOR'S BUSINESS DAILY 2022 BEST ESG COMPANIES ENVIRONMENTAL, SOCIAL & GOVERNANCE



GoFWD

The GoFWD initiative better aligns our structure with our proven strategy to create the Hormel Foods of the future.

Also in November 2021, Wendy Watkins was promoted to the newly created role of senior vice president and chief communications officer. Paul Kuehneman advanced to vice president and controller in February 2022.

Also in February, Fred Halvin, vice president of corporate development, announced his retirement after a 37-year career with the company. Fred was a key leader for all our transformational acquisitions over the past decade and was instrumental in our journey to become a global branded food company. Nathan Annis advanced to vice president of corporate development following Fred's retirement.

Gary Jamison, vice president and treasurer, announced his retirement from the company in June. Over his 34-year career, Gary held many roles and recently led the implementation of the company's Project Orion systems and the financing for the acquisition of the *Planters*® snack nuts business. With Gary's retirement, Florence Makope joined the company as vice president and treasurer.

And in October, Katie Larson was appointed senior vice president of human resources, and Scott Aakre was appointed senior vice president of Brand Fuel, the company's newest center of excellence focused on consumer insights and innovation.

GoFWD

GoFWD, simply said, aligns our structure with our strategy and is a continuation of our evolution to become a better, more agile and more balanced global branded food company. Continuing to evolve our company is necessary, especially as consumer preferences change and unprecedented business conditions persist.

A successful transition to the new strategic operating model is dependent on strong leadership, and I have full confidence in the ability of our experienced management team to deliver on this commitment.

In September, to commemorate the importance of food to our company, we unveiled The Inspired People Plaza at our global headquarters in Austin, Minn., our home since 1891. The centerpiece of this new community space is a 25-foot-tall sculpture — "Big Fork" — clad with 20,000 forks representing each member of our global workforce. This work of art is dedicated to the inspired people who are behind the food we make and the brands we represent. The people who showed up during COVID-19 and were true heroes throughout the pandemic. The people who so proudly produce the brands and products that are found all over the world and trusted and loved by so many.

To me, this fork serves as a daily reminder that what we do as an uncommon global branded food company matters, that people count on us and the food we produce, and that there is tremendous power and inspiration in food. Producing food responsibly and safely is an awesome responsibility. One that inspires us to be a thought leader and a change-maker in all aspects of the food industry.

We remain extremely well-positioned to deliver long-term growth and industry-leading shareholder returns while supporting our global team members and the communities that we call home. As we embark on the next chapter in our evolution, I can assure you that we will continue to leverage the power of food to benefit our shareholders, customers, consumers, team members and society as we build upon our success in 2023 and beyond.

To our team members: THANK YOU for everything you do.

To our shareholders: THANK YOU for your continued trust and support.

James P. Snee

James P. Snee
Chairman of the Board, President
and Chief Executive Officer

Protect & grow our **core brands**

Keeping our brands relevant and strong

Leading in the marketplace

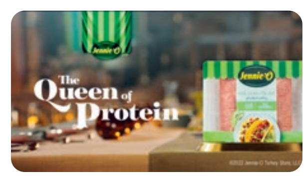
Our brands hold a #1 or #2 position in more than 40 categories.* Approximately 86% of all households in the United States purchase products sold by Hormel Foods.**

Delivering record results

Fiscal 2022 marked the eighth consecutive year of record sales for the *SPAM*® family of products. At 85 years young, the brand continues to deliver on its promise of a convenient, versatile and great-tasting mealtime solution. We are further supporting this growth with new production capacity in 2023.

Protecting our core brands

Our portfolio contains many long-established and trusted brands that have connected with consumers for generations. We continuously innovate behind and invest in the future growth of these brands, which included significant investments in capacity for *Hormel*® pepperoni and *Hormel*® *Black Label*® bacon during fiscal 2022.



Building strong and relevant brands

Investing in brands through creative advertising is just one of the many ways we continue to keep our portfolio of brands relevant and top of mind with consumers. Our marketing and new Brand Fuel teams will ensure that brand stewardship remains a core capability for years to come.

+14%

Advertising support increase in 2022

*IRI 52 weeks ending 10/30/2022 – MULO; SPINS 52 weeks ending 10/2/2022

**IRI 52 weeks ending 10/30/2022 – Total US All Outlet

Amplify scale in snacking & entertaining

Combining the power of our brands to complement and expand our presence

Integrating the *Planters*® business

In fiscal 2022, we successfully integrated the *Planters*® branded business while launching updated packaging and flavors. This iconic brand perfectly complements and amplifies our already well-established snacking and entertaining portfolio.

Combining our powerhouse of brands

We are ideally positioned to leverage our powerful and complementary portfolio of brands in the fast-growing snacking category, with leading and emerging brands in snack nuts, Mexican, nut butters, meat snacking and charcuterie.

Driving growth with *Columbus*® charcuterie

For more than 100 years, Columbus Craft Meats has been committed to crafting premium, authentic and great-tasting salami and deli meats. Through the efforts of our teams, this brand has become one of the most widely distributed deli brands in the U.S. and the #1 selling brand of Italian dry salami*.

*IRI 52 weeks ending 10/30/2022 – MULO

Enhance growth of our **ethnic & Food Forward portfolios**

Evolving our portfolio to meet the changing needs of consumers

Reimagining Mexican flavor

Delicious Mexican flavor is a growing passion and inspiration for many. Through our joint venture with MegaMex Foods, we possess a portfolio of authentic, high-quality and convenient items across many key Mexican foods categories.

Changing The Meat We Eat®

Applegate remains committed to its mission by looking at the best ways to produce meat smartly and sustainably. This means meat from animals that are raised humanely, with no antibiotics ever and without added hormones*, developing a holistic system that connects humans, animals and planet.

Applegate achieved record sales in fiscal 2022

Complementing our leadership position in pizza toppings

We are continuing our efforts to offer consumers and operators choice. Our investments in *Happy Little Plants®* plant-based pizza toppings are helping pizzerias satisfy the growing demand for alternative toppings. When combined with our leading pizza toppings portfolio, operators can build a menu that delivers on taste and performance with broad consumer appeal.

*Federal regulations prohibit the use of hormones in poultry

Expand leadership in **Foodservice**

Leveraging our expertise and partnerships as an industry leader

20%

U.S. foodservice channel sales growth in 2022

Growing our presence in c-stores

We have been able to expand our presence in the convenience store channel by capitalizing on the scale of the *Planters*® business. The c-store channel presents a largely untapped opportunity for growth for our grocery, refrigerated, snacking and prepared items.

Solving for operator challenges

Throughout the industry recovery, foodservice operators have looked to our products to simplify their operations, save time, maximize limited labor and provide flexibility to add their own unique touches to the menu. As these challenges persist, our products such as *Jennie-O*® sliced turkey, *Hormel*® *Bacon 1*™ fully cooked bacon, *Hormel*® *Fire Braised*™ flame-seared meats, *Austin Blues*® barbeque and *Café H*® globally inspired proteins remain well positioned to generate excellent growth.

Leveraging our recent acquisitions

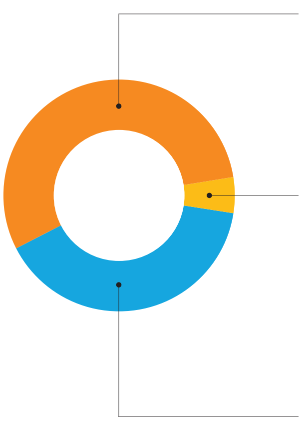
We have successfully integrated our recent acquisitions to strengthen our leadership position in the foodservice industry. The addition of the *Fontanini*®, *Sadler's Smokehouse*®, *Planters*® and *Corn Nuts*® brands has further differentiated our product portfolio.

Aggressively develop our **global presence**

Bringing meaningful scale to select global markets

Developing our global presence

As a global branded food company, our ambitions to accelerate growth internationally have never been stronger. Today, we are aggressively developing our global presence by: leveraging our global brands, including *SPAM*® and *SKIPPY*®; replicating our balanced business model in high-growth geographies, such as China and Brazil; and, continuing to nurture and grow our strong partnerships in South Korea, Europe, the Philippines and Indonesia.



Exports

Partnerships

Multinational businesses

*Internal data

Expanding our capabilities

We have delivered outsized growth from our innovative and snacking-oriented products internationally. To fuel continued growth, we recently opened a new R&D and innovation center in China and announced an expansion to our plant in Jiaxing, China, to meet the demand for our products.

80+ countries*

Hormel Foods International Corporation represents a team comprised of inspired people making the world a better place to live, love and eat. Today, Hormel Foods retail and foodservice products are exported to more than 80 countries around the world, including Australia, Canada, Japan, the Philippines and Panama.

Continue to transform our company

Supporting our businesses with best-in-class processes, innovation and technology

>$1.5B

in capital investments in the last 5 years*

Investing in our future

We have made significant investments into our business, including the modernization of our technology and e-commerce capabilities and the creation of our One Supply Chain team. We have invested over $1.5B in the last five years to support growth for key product lines, automate processes and maintain our production facilities.

Retail	Foodservice	International
PLANTERS	Hormel Foods FOODSERVICE	SPAM
Black Label Bacon	Jennie-O	SKIPPY
APPLEGATE	BURKE	Hormel

Continuing our evolution with GoFWD

Beginning in fiscal 2023, we are organizing our business into three empowered segments to support our six strategic priorities, better align our business to the needs of our customers, consumers and operators, and drive sustainable long-term growth. This new alignment will empower our 20,000 global team members with a more refined organizational structure that is accountable, nimble and focused on creating the Hormel Foods of the future.

Making a difference

Given our role in helping to feed the world for more than 131 years, we know that building social value and creating economic value are not competing goals. For us, there is no daylight between good citizenship and good business. Through *Our Food Journey*™, we are making a difference with our people, in our communities and through our products.

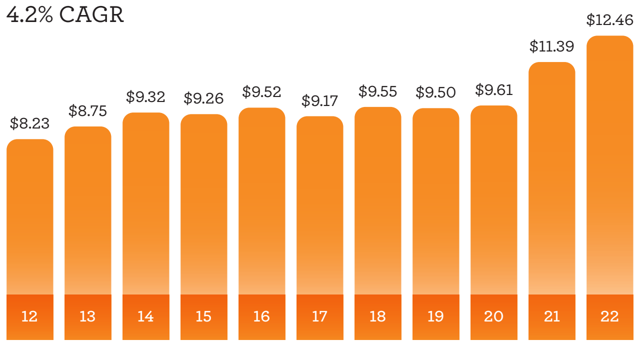
*Internal data

Selected financial data

(in thousands, except per-share amounts)	**2022**	2021	Change	% Change
Net Sales	**$12,458,806**	$11,386,189	$1,072,617	9.4
Net Earnings Attributable to Hormel Foods Corporation	**999,987**	908,839	91,148	10.0
Percent of Sales	**8.0%**	8.0%		
Earnings Per Share				
Basic	**$ 1.84**	$ 1.68	$ 0.16	9.5
Diluted	**1.82**	1.66	0.16	9.6
Dividends Paid on Common Stock	**557,839**	523,114	34,725	6.6
Per Share of Common Stock	**1.04**	0.98	0.06	6.1
Average Common Shares Outstanding				
Basic	**544,918**	541,114	3,804	0.7
Diluted	**549,566**	547,580	1,986	0.4
Capital Expenditures	**$ 278,918**	$ 232,416	$ 46,502	20.0
Depreciation and Amortization	**262,753**	228,406	34,347	15.0
Working Capital	**2,163,858**	1,532,162	631,696	41.2
Hormel Foods Corporation Shareholders' Investment	**7,535,284**	6,972,883	562,401	8.1

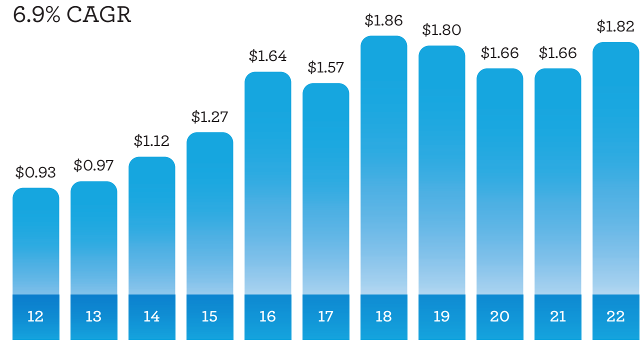
Net sales

Dollars in billions
4.2% CAGR



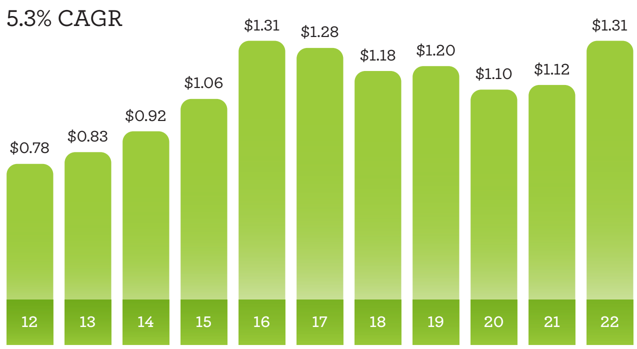
Diluted earnings per share**

Dollars per share
6.9% CAGR



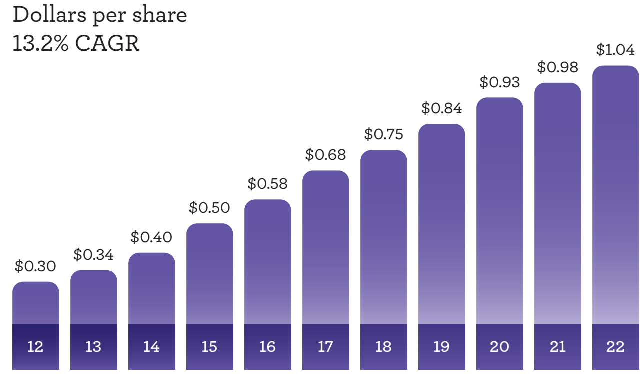
Operating income*

Dollars in billions
5.3% CAGR



Annual dividends**

Dollars per share
13.2% CAGR

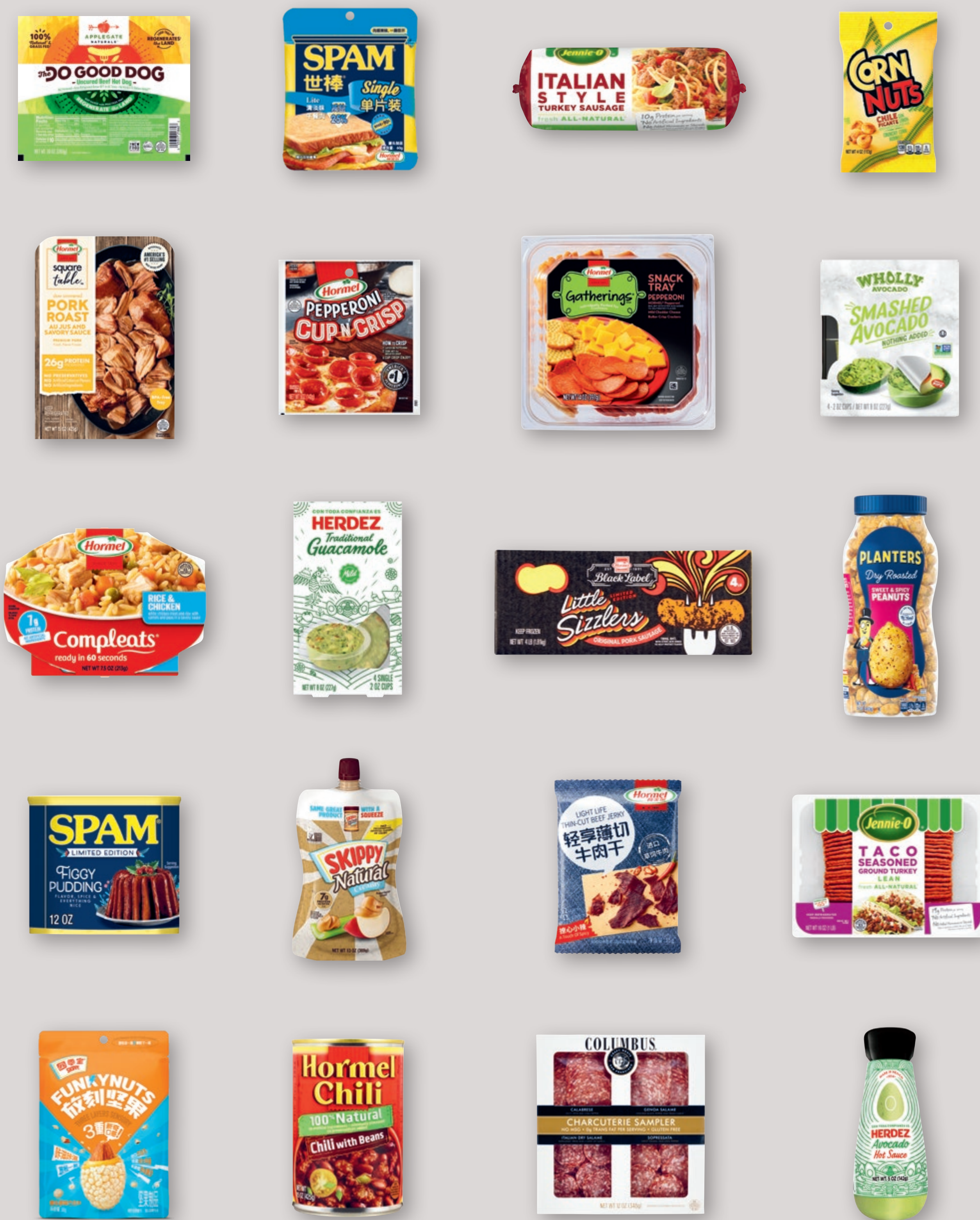


*Fiscal year 2018 and prior years have been adjusted due to the adoption of ASU 2017-07, Compensation – Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Topic 715).

**Per-share figures have been restated to reflect the two-for-one stock split distributed on Feb. 9, 2016. Fiscal years 2016 and 2021 included 53 weeks.

Form 10-K For the fiscal year ended October 30, 2022

Hormel Foods



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

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended October 30, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________________ to _________________________

Commission File Number: 1-2402

HORMEL FOODS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**41-0319970**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1 Hormel Place, Austin Minnesota	**55912-3680**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (507) 437-5611 Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock $0.01465 par value	**HRL**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulations S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of May 1, 2022, was $15,095,914,678 based on the closing price of $52.39 on the last business day of the registrant's most recently completed second fiscal quarter.

As of December 4, 2022, the number of shares outstanding of each of the registrant's classes of common stock was as follows:

Common Stock, $0.01465 Par Value – 546,424,194 shares
Common Stock Non-Voting, $0.01 Par Value – 0 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held January 31, 2023, are incorporated by reference into Part III, Items 10-14. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

HORMEL FOODS CORPORATION
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PART I

Item 1. BUSINESS

General Development of Business

Hormel Foods Corporation, a Delaware corporation (collectively, the "Company", "we," "us,", "our"), was founded by George A. Hormel in 1891 in Austin, Minnesota, as Geo. A. Hormel & Company. The Company started as a processor of meat and food products and continues in this line of business with emphasis on the manufacturing and distribution of branded, value-added consumer items rather than commodity fresh meat products. The Company builds on its founder's legacy of innovation, quality, and integrity with focus on its purpose statement - *Inspired People. Inspired Food.*™ Today, the Company is a global branded food company bringing some of the most trusted and iconic brands to tables across the globe with over $12 billion in annual revenue in more than 80 countries.

The Company has continually expanded its product portfolio through organic growth and acquisitions. In fiscal 2021, the Company acquired the *Planters*® snack nuts business, expanding the Company's presence in the growing snacking space. Refer to Note B - Acquisitions and Divestitures for additional information.

Description of Business

Segments
The Company manages and reports its operating results in the following four segments: Grocery Products, Refrigerated Foods, Jennie-O Turkey Store, and International & Other. Net sales to unaffiliated customers, segment profit, and the presentation of certain other financial information by segment are reported in Note P - Segment Reporting of the Notes to Consolidated Financial Statements and in the Management's Discussion and Analysis of Financial Condition and Results of Operations.

Grocery Products: The Grocery Products segment primarily consists of the processing, marketing, and sale of shelf-stable food products sold predominantly in the retail market, along with the sale of nutritional and private label shelf-stable products to retail, foodservice, and industrial customers. This segment also includes the results from the Company’s MegaMex Foods, LLC (MegaMex) joint venture.

Refrigerated Foods: The Refrigerated Foods segment includes the processing, marketing, and sale of branded and unbranded pork, beef, and poultry products for retail, foodservice, deli, convenience store, and commercial customers.

Jennie-O Turkey Store: The Jennie-O Turkey Store segment primarily consists of the processing, marketing, and sale of branded and unbranded turkey products for retail, foodservice, and commercial customers.

International & Other: The International & Other segment includes Hormel Foods International, which manufactures, markets, and sells Company products internationally. This segment also includes the results from the Company’s international royalty arrangements and other joint ventures.

During the fourth quarter of fiscal 2022, the Company announced a new strategic operating model, which aligns its businesses to be more agile, consumer and customer focused, and market driven. Effective in fiscal 2023, the Company will transition to this new model with the following three operating and reportable segments: Retail, Foodservice, and International. Prior period results will be reclassified to reflect these new reportable segments.

Products and Distribution
The Company develops, processes, and distributes a wide array of food products in a variety of markets and manufactures its products through various processing facilities and trusted co-manufacturers. The Company’s products primarily consist of meat, nuts, and other food products sold across multiple distribution channels, such as U.S. Retail, U.S. Foodservice, and International.

Domestically, the Company sells its products in all 50 states. The Company’s products are sold through its sales personnel, who operate in assigned territories or in dedicated teams serving major customers and who are coordinated from sales offices predominately located in major U.S. cities. The Company also utilizes independent brokers and distributors. Products are primarily distributed by common carrier.

Internationally, the Company markets its products through Hormel Foods International Corporation (HFIC), a wholly-owned subsidiary. HFIC has a global presence within several major international markets, including Australia, Brazil, Canada, China, England, Japan, Mexico, Micronesia, the Philippines, Singapore, and South Korea. Distribution of export sales to customers is by common carrier, while the China and Brazil operations own and operate their own delivery systems. The Company, through HFIC, has licensed companies to manufacture various products internationally on a royalty basis, with the primary licensees being Danish Crown UK Ltd., and CJ CheilJedang Corporation. HFIC also has a minority position in a food company in the Philippines (The Purefoods-Hormel Company, Inc., 40 percent holding).

Raw Materials

The Company concentrates on the marketing and sale of branded, value-added food products. The principal raw materials used by the Company include pork, turkey, beef, chicken, and nuts. The Company takes a balanced approach to sourcing pork raw materials, including hogs purchased for the Austin, Minnesota processing facility, long-term supply agreements for pork, and spot market purchases of pork. The majority of the turkeys needed to meet raw material requirements are raised by the Company. Production costs from raising turkeys are subject to fluctuations in grain prices and fuel costs. To manage these risks, the Company uses futures, swaps, and options contracts to hedge a portion of its anticipated purchases.

The Company also purchases raw materials from various suppliers. As the Company shifts its focus toward a more value-added portfolio, it has become increasingly dependent on these suppliers to meet its raw material needs. Certain raw materials, such as cashews, are sourced internationally, which may cause additional risks to pricing and availability. The Company utilizes supply contracts and forward buying strategies to ensure an adequate supply and mitigate price fluctuations.

Human Capital

The Company's employees are the driving force behind innovation, improvement, and success. As of October 30, 2022, the Company had more than 20,000 active employees, with over 90 percent located within the U.S. Approximately 20 percent of employees are covered by collective bargaining agreements.

Talent Acquisition, Development, and Retention

Hormel's team members are the cornerstone of the Company and of the fulfillment of its purpose — *Inspired People. Inspired Food.*™ The Company places great importance on the growth, development, and engagement of its team members. The Company offers a competitive compensation package and a multitude of benefits, including medical, life and disability insurance, contributory and non-contributory retirement savings plans, tuition reimbursement, and two years of tuition-free community and technical college for U.S. employees' dependent children.

The Company believes investing in the education, training, and development of employees contributes to the overall success of the business. The Company provides learning opportunities for employees through various training courses, including instructor-led internal and external programs and on-the-job training.

The Company considers the tenure of its team members to be an important indicator of overall performance and is proud of its tenure figures. As of October 30, 2022, approximately 50 percent of the Company's team members had five or more years of service, and the 37-person officer team had an average of 25 years of service.

During fiscal 2022, the Company faced productivity challenges related to high turnover and the need to train new team members at its manufacturing facilities. Overall, the turnover rate was 11 percent for salaried team members and 44 percent for hourly team members. The Company is focused on onboarding and training new team members and creating a best-in-class experience throughout the organization.

Diversity, Equity, and Inclusion

The Company welcomes the diversity of all team members, customers, and consumers, and encourages the integration of their unique skills, thoughts, experiences, and identities. The Company's workforce is made up of approximately 40 percent female and over 55 percent underrepresented minorities. The Company's salaried employees are made up of over 30 percent female and approximately 20 percent underrepresented minorities. By fostering an inclusive culture, the Company enables every member of the workforce to leverage unique talents and high performance standards to drive innovation and success.

Executives of the Company are held accountable for creating an inclusive, diverse workplace through their annual incentive plan, which includes a component focused on overall belonging scores and the representation of female and underrepresented minorities in salaried positions.

The Company supports eleven employee resource groups (ERGs) that support the Company's mission to create a workplace where all people feel welcomed, respected, and valued. These employee-driven groups play a critical role in diversity, equity, and inclusion efforts and provide professional development and mentorship opportunities.

Safety, Health, and Wellness

The Company's dedicated corporate safety department develops and administers company-wide policies to ensure the safety of each employee and compliance with Occupational Safety and Health Administration standards. The corporate safety department also conducts regular audits of production facilities to ensure compliance with Company safety policies. The Company conducts safety training for all team members and completes approximately 1,000 safety assessments each month.

The Company recognizes that team members perform best when they are healthy and that optimal performance is necessary for the Company to achieve its key results. In addition to the health care benefits package, the Company's Inspired Health program aims to cultivate and maintain a culture of health and wellness that is focused on encouraging and empowering team members to make healthy lifestyle choices through awareness, prevention, and positive health behavior changes. This program includes biometric screenings, on-site fitness centers and fitness center discounts, an online health university with robust information and resources, a tobacco cessation program, wellness challenges, and confidential health and wellness support.

Governmental Regulation and Environmental Matters
The Company's operations are subject to regulation by various governmental agencies which oversee areas such as food safety, workforce immigration, environmental laws, animal welfare, tax regulations, and the processing, packaging, storage, distribution, advertising, and labeling of the Company's products. The Company believes it is in compliance with current laws and regulations and does not expect continued compliance to have a material impact on capital expenditures, earnings, or competitive position. The Company continues to monitor existing and pending laws and regulations and, while the impact of regulatory changes cannot be predicted with certainty, the Company does not expect compliance to have a material adverse effect on the Company's business. In addition to compliance with environmental laws and regulations, the Company sets goals to further improve its sustainability efforts and reduce its environmental impact. These goals are outlined in the Company's 20 by 30 Challenge and include matching energy with renewable sourcing, reducing organic waste and greenhouse gas emissions, supporting regenerative agriculture, focusing on packaging sustainability, and reducing food waste.

Significant Customers
The Company serves many customers throughout the world across various sales channels. Sales to the Company's largest customer, Walmart Inc. (Walmart), accounted for approximately 16 percent of consolidated gross sales less returns and allowances during fiscal 2022. Walmart is a customer in all four reportable segments. The Company's top five customers collectively represent approximately 36 percent of consolidated gross sales less returns and allowances. The loss of one or more of the top customers in any of the reportable segments could have a material adverse effect upon such segment's financial results.

Competition
The production and sale of meat and food products in the U.S. and internationally is highly competitive. The Company competes with manufacturers of pork and turkey products as well as national and regional producers of other meat and protein sources, such as beef, chicken, fish, nuts, and plant-based proteins.

All operating segments compete on the basis of price, product quality and attributes, brand identification, breadth of product line, and customer service. Through effective marketing and strong quality assurance programs, the Company's strategy is to provide high quality products that possess strong brand recognition, which support higher value perceptions with customers.

Patents and Trademarks
There are numerous patents and trademarks important to the Company's business. The Company holds 41 U.S. and seven foreign patents. Most of the trademarks the Company uses are registered in the U.S. and other countries. Some of the more significant owned or licensed trademarks used by the Company or its affiliates are:

HORMEL, ALWAYS TENDER, APPLEGATE, AUSTIN BLUES, BACON 1, BLACK LABEL, BREAD READY, BURKE, CAFÉ H, CERATTI, CHI-CHI'S, COLUMBUS, COMPLEATS, CORN NUTS, CURE 81, DAN'S PRIZE, DI LUSSO, DINTY MOORE, DON MIGUEL, DOÑA MARIA, EMBASA, FAST 'N EASY, FIRE BRAISED, FONTANINI, HAPPY LITTLE PLANTS, HERDEZ, HORMEL GATHERINGS, HORMEL VITAL CUISINE, HOUSE OF TSANG, JENNIE-O, JUSTIN'S, LA VICTORIA, LAYOUT, LLOYD'S, MARY KITCHEN, NATURAL CHOICE, NUT-RITION, OLD SMOKEHOUSE, OVEN READY, PILLOW PACK, PLANTERS, ROSA GRANDE, SADLER'S SMOKEHOUSE, SKIPPY, SPAM, SPECIAL RECIPE, THICK & EASY, VALLEY FRESH, and WHOLLY.

The Company's patents expire after a term that is typically 20 years from the date of filing, with earlier expiration possible based on the Company's decision whether to pay required maintenance fees. As long as the Company continues to use its trademarks, they are renewed indefinitely.

Available Information
The Company makes available its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 on its website at www.hormelfoods.com. These reports are accessible under the caption, "Investors – Filings & Reports – SEC Filings" on the Company's website and are available as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). These filings are also available on the SEC's website at www.sec.gov. The documents are available in print, free of charge, to any stockholder who requests them.

FORWARD-LOOKING STATEMENTS

This report contains “forward-looking” information within the meaning of the federal securities laws. The “forward-looking” information may include statements concerning the Company’s outlook for the future as well as other statements of beliefs, future plans, strategies, or anticipated events and similar expressions concerning matters that are not historical facts.

The Private Securities Litigation Reform Act of 1995 (the Reform Act) provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information. The Company is filing this cautionary statement in connection with the Reform Act. When used in the Company’s Annual Report to Stockholders, other filings by the Company with the SEC, the Company's press releases, and oral statements made by the Company's representatives, the words or phrases "should result," "believe," "intend," "plan," "are expected to," "targeted," "will continue," "will approximate," "is anticipated," "estimate," "project," or similar expressions are intended to identify forward-looking statements within the meaning of the Reform Act. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those anticipated or projected.

In connection with the “safe harbor” provisions of the Reform Act, the Company is identifying risk factors that could affect financial performance and cause the Company’s actual results to differ materially from opinions or statements expressed with respect to future periods. The following discussion of risk factors contains certain cautionary statements regarding the Company’s business, which should be considered by investors and others. Such risk factors should be considered in conjunction with any discussions of operations or results by the Company or its representatives, including any forward-looking discussion, as well as comments contained in press releases, presentations to securities analysts or investors, or other communications by the Company.

In making these statements, the Company is not undertaking, and specifically declines to undertake, any obligation to address or update each or any factor in future filings or communications regarding the Company’s business or results, and is not undertaking to address how any of these factors may have caused changes to discussions or information contained in previous filings or communications. Though the Company has attempted to list comprehensively these important cautionary risk factors, the Company wishes to caution investors and others that other factors may in the future prove to be important in affecting the Company’s business or results of operations.

The Company cautions readers not to place undue reliance on forward-looking statements, which represent current views as of the date made. Forward-looking statements are inherently at risk to changes in the national and worldwide economic environment, which could include, among other things, risks related to the deterioration of economic conditions; the COVID-19 pandemic; risks associated with acquisitions and divestitures; potential disruption of operations including at co-manufacturers, suppliers, logistics providers, customers, or other third-party service providers; risk of loss of a material contract; the Company’s inability to protect information technology systems against, or effectively respond to, cyber attacks or security breaches; deterioration of labor relations, labor availability or increases to labor costs; general risks of the food industry, including food contamination; outbreaks of disease among livestock and poultry flocks; fluctuations in commodity prices and availability of raw materials and other inputs; fluctuations in market demand for the Company’s products; damage to the Company's reputation or brand image; climate change, or legal, regulatory, or market measures to address climate change; risks of litigation; potential sanctions and compliance costs arising from government regulation; compliance with stringent environmental regulations and potential environmental litigation; and risks arising from the Company’s foreign operations.

Item 1A. RISK FACTORS

Business and Operational Risks

Deterioration of economic conditions could harm the Company’s business. The Company's business may be adversely affected by changes in national or global economic conditions, including inflation, interest rates, tax rates, availability of capital, energy availability and costs (including fuel surcharges), political developments, civil unrest, and the effects of governmental initiatives to manage economic conditions. Decreases in consumer spending rates and shifts in consumer product preferences could also negatively impact the Company.

Volatility in financial markets and the deterioration of national and global economic conditions could impact the Company’s operations as follows:

- The financial stability of the Company's customers and suppliers may be compromised, which could result in additional bad debts or non-performance by suppliers.
- The value of the Company's investments in debt and equity securities may decline, including most significantly the trading securities held as part of a rabbi trust to fund supplemental executive retirement plans and deferred income plans, and the Company’s assets held in pension plans.
- Future volatility or disruption in the capital and credit markets could impair the Company's liquidity or increase costs of borrowing.

- The Company may be required to redirect cash flow from operations or explore alternative strategies, such as disposing of assets, to fulfill the payment of principal and interest on its indebtedness.

The Company has no operations in Russia or Ukraine, yet it has experienced inflated fuel costs and supply chain shortages and delays due to the impact of the military conflict on the global economy. Further escalation related to the conflict, including increased trade barriers or restrictions on global trade, could result in, among other things, additional supply chain disruptions, rising prices for oil and other commodities, volatility in capital markets and foreign exchange rates, rising interest rates or heightened cybersecurity risks, any of which may adversely affect the Company's business. In addition, the effects of the ongoing conflict could heighten many of the other risk factors included in Item 1A.

The Company utilizes hedging programs to manage its exposure to various market risks, such as commodity prices and interest rates, which qualify for hedge accounting for financial reporting purposes. Volatile fluctuations in market conditions could cause these instruments to become ineffective, which could require any gains or losses associated with these instruments to be reported in the Company's earnings each period. These instruments may limit the Company's ability to benefit from market gains if commodity prices and/or interest rates become more favorable than those secured under the Company's hedging programs.

The Company's goodwill and indefinite lived intangible assets are initially recorded at fair value and are not amortized, but are reviewed for impairment annually or more frequently if impairment indicators arise. Impairment testing requires judgment around estimates and assumptions and is impacted by factors such as revenue growth rates, operating margins, tax rates, royalty rates, and discount rates. An unfavorable change in these factors may lead to the impairment of goodwill and/or intangible assets.

Additionally, if another highly pathogenic human disease outbreak developed, it may negatively impact the global economy, demand for Company products, and/or the Company's workforce availability, and the Company's financial results could suffer. The Company has developed contingency plans to address infectious disease scenarios and the potential impact on its operations, and will continue to update these plans as necessary. There can be no assurance given, however, that these plans will be effective in eliminating the negative effects of any such diseases on the Company's operating results.

The COVID-19 pandemic could adversely affect the Company's business, financial condition and results of operations.
The COVID-19 global pandemic has had, and may continue to have, negative impacts across many of the Company's business units and facilities. The near- and long-term impacts of COVID-19 are unknown and impossible to predict with any level of certainty. The following potential risk factors arising from the COVID-19 pandemic have had and/or may continue to have one or more of the following impacts on the Company's operations:

- One or more of the Company's manufacturing facilities may be shut down or have their operations significantly impacted due to employee illnesses, increased absenteeism, and/or actions by government agencies. Capital projects may be delayed as additional capacity is no longer currently needed or materials are unavailable. The Company's co-manufacturers and material suppliers may face similar impacts.
- Operating costs may increase as measures are put in place to prevent or slow down the spread of COVID-19, such as compliance with regulatory restrictions, vaccine mandates, facility improvements, employee testing, short-term disability policies, and manufacturing employee bonus payments.
- Operations may be negatively impacted if members of the Company's leadership team, or other key employees, become ill with COVID-19 or otherwise terminate their employment as a result of COVID-19. Further, the Company may face challenges with labor availability, relations, labor costs, hiring, onboarding, and training new employees, including leadership, which may impact results. The Company also may face operational challenges if government quarantine orders restrict movement of employees.
- Supply chain disruptions of various types arising from COVID-19 may impact the Company's ability to make products, the cost for such products, and the ability to deliver products to customers. Closure or reduced operations of material suppliers could result in shortages of key raw materials, as well as impact prices for those materials. The volatility in the market for raw material and supplies could impact the Company's profitability.
- National, state, and local government orders closing or limiting operation of borders and ports, or imposing quarantine, could impact the Company's ability to obtain raw materials and to deliver finished goods to customers.
- Closures or reduced operations at foodservice establishments may impact results for the Company's foodservice business. Bankruptcy filings and/or delinquent payments from the foodservice industry or other customers may negatively impact cash flow.
- A national and/or global economic downturn may impact consumer purchase behavior, such as reduced volume for foodservice products and premium brands.
- If the Company's public relations efforts related to the pandemic are not effective or if consumers perceive them to be irresponsible, the Company's competitive position, reputation, and market share may suffer.

The extent of the impact on the Company's business, financial condition, and results of operations is dependent on the length and severity of the pandemic. The COVID-19 pandemic may adversely impact the Company's operations in one or more ways not identified to date.

The Company's operations are subject to the general risks associated with acquisitions and divestitures. The Company has made several acquisitions and divestitures in recent years, including the acquisition of the *Planters*® snack nuts business in June 2021, that align with the Company's strategic initiative of delivering long-term value to shareholders. The Company regularly reviews strategic opportunities to grow through acquisitions and to divest non-strategic assets. Potential risks associated with these transactions include the inability to consummate a transaction timely or on favorable terms, diversion of management's attention from other business concerns, potential loss of key employees and customers of current or acquired companies, inability to integrate or divest operations successfully, possible assumption of unknown liabilities, potential disputes with buyers or sellers, inability to obtain favorable financing terms, potential impairment charges if purchase assumptions are not achieved, and the inherent risks in entering markets or lines of business in which the Company has limited or no prior experience. Any or all of these risks could impact the Company's financial results and business reputation. In addition, acquisitions outside the U. S. may present unique challenges and increase the Company's exposure to the risks associated with foreign operations. The Company's level of indebtedness increased significantly to fund the purchase of the *Planters*® snack nuts business and may continue to increase to fund future acquisitions. Higher levels of debt may, among other things, impact the Company's liquidity and increase the Company's exposure to negative fluctuations in interest rates.

The Company is subject to disruption of operations at co-manufacturers, suppliers, logistics providers, customers, or other third-party service providers.

- Disruption of operations at co-manufacturers, suppliers, or logistics providers have and may continue to impact the Company's product and input supplies as well as the ability to distribute products.
- Disruptions related to significant customers or sales channels has and could continue to result in a reduction in sales or change in the mix of products sold.
- Disruption in services from partners such as third-party service providers used to support various business functions such as benefit plan administration, payroll processing, information technology and cloud computing services could have an adverse effect on the Company's business.

Any of these disruptions could have an adverse effect on the Company's financial results. Actions taken to mitigate the impact of any potential disruption, including increasing inventory in anticipation of a potential production or supply interruption, may adversely affect the Company's financial results. Additionally, labor-related challenges have caused disruptions for many of these providers and may continue to impact the Company's ability to receive inputs or distribute products.

The Company is subject to the loss of a material contract. The Company is a party to several supply, distribution, contract packaging and other material contracts. The loss of a material contract or failure to obtain new material contracts could adversely affect the Company's financial results.

The Company may be adversely impacted if the Company is unable to protect information technology systems against, or effectively respond to, cyber attacks or security breaches. Information technology systems are an important part of the Company's business operations. In addition, the Company increasingly relies upon third-party service providers for a variety of business functions, including cloud-based services. Cyber incidents are occurring more frequently and are being made by groups and individuals with a wide range of motives and expertise. From time to time, the Company has experienced, and may experience in the future, breaches of its security measures due to human error, malfeasance, insider threats, system errors or vulnerabilities or other irregularities, none of which have been material to date. Remote work arrangements may bring additional information technology and data security risks.

In addition, the Company is in the midst of a multi-year transformation project (Project Orion) to achieve better analytics, customer service, and process efficiencies through the use of Oracle Cloud Solutions. This project is expected to improve the efficiency and effectiveness of certain financial and business transaction processes and the underlying systems environment. During fiscal 2020, the Company implemented the human resource, payroll, and finance phases of the project. Additional integrations are expected to take place over the next few years. Such an implementation is a major undertaking from a financial, management, and personnel perspective. The implementation of the enterprise resource planning system may prove to be more difficult, costly, or time consuming than expected, and there can be no assurance that this system will be beneficial to the extent anticipated.

In an attempt to mitigate these risks, the Company has implemented and continues to evaluate security initiatives and business continuity plans.

Deterioration of labor relations, labor availability or increases in labor costs could harm the Company's business. As of October 30, 2022, the Company employed more than 20,000 people worldwide, of which approximately 20 percent were represented by labor unions, principally the United Food and Commercial Workers Union. Union contracts at four of the Company's manufacturing facilities, covering approximately 2,400 employees, will expire during fiscal 2023. Negotiations have not yet been initiated. A significant increase in labor costs or a deterioration of labor relations at any of the Company's facilities or co-manufacturing facilities resulting in work slowdowns or stoppages could harm the Company's financial results. Labor and skilled labor availability challenges could continue to have an adverse effect on the Company's business.

Industry Risks

The Company's operations are subject to the general risks of the food industry. The food products manufacturing industry is subject to the risks posed by:

- food spoilage;
- food contamination caused by disease-producing organisms or pathogens, such as *Listeria monocytogenes*, *Salmonella*, and pathogenic *E coli*.;
- food allergens;
- nutritional and health-related concerns;
- federal, state, and local food processing controls;
- consumer product liability claims;
- product tampering; and
- the possible unavailability and/or expense of liability insurance.

The pathogens that may cause food contamination are found generally in livestock and in the environment and thus may be present in the Company's products. These pathogens can also be introduced to products as a result of improper handling by customers or consumers. The Company does not have control over handling procedures once products have been shipped for distribution. If one or more of these risks were to materialize, the Company's brand and business reputation could be negatively impacted. In addition, revenues could decrease, costs of doing business could increase, and the Company's operating results could be adversely affected.

Outbreaks of disease among livestock and poultry flocks could harm the Company's revenues and operating margins. The Company is subject to risks associated with the outbreak of disease in pork and beef livestock, and poultry flocks, including African swine fever (ASF), Bovine Spongiform Encephalopathy (BSE), pneumo-virus, Porcine Circovirus 2 (PCV2), Porcine Reproduction & Respiratory Syndrome (PRRS), Foot-and-Mouth Disease (FMD), Porcine Epidemic Diarrhea Virus (PEDv), and Highly Pathogenic Avian Influenza (HPAI). The outbreak of such diseases could adversely affect the Company's supply of raw materials, increase the cost of production, reduce utilization of the Company's harvest facilities, and reduce operating margins. Additionally, the outbreak of disease may hinder the Company's ability to market and sell products both domestically and internationally.

In recent years, the outbreak of ASF has impacted hog herds in China, Asia, Europe, and the Caribbean. If an outbreak of ASF were to occur in the U.S., the Company's supply of hogs and pork could be materially impacted.

HPAI was detected within the U.S. in 2022 and was confirmed within the Company's Jennie-O Turkey Store supply chain. The impact of HPAI has reduced and will continue to reduce production volume in the Company's turkey facilities at least through the first half of fiscal 2023. The Company is continuing to monitor the situation and will take the appropriate actions to protect the health of the turkeys across the supply chain.

The Company has developed business continuity plans for various disease scenarios and will continue to update these plans as necessary. There can be no assurance given, however, that these plans will be effective in eliminating the negative effects of any such diseases on the Company's operating results.

Fluctuations in commodity prices and availability of raw materials and other inputs could harm the Company's earnings. The Company's results of operations and financial condition are largely dependent upon the cost and supply of pork, poultry, beef, feed grains, and nuts as well as supplies, energy and other inputs and the selling prices for many of the Company's products, which are determined by constantly changing market forces of supply and demand.

The Company takes a balanced approach to sourcing pork raw materials, including hogs purchased for the Austin, Minnesota processing facility, long-term supply agreements for pork, and spot market purchases of pork. This approach ensures a more stable supply of raw materials while minimizing extreme fluctuations in costs over the long-term. This may result, in the short-term, in higher or lower live hog costs compared to the cash spot market. Market-based pricing on certain product lines, and lead time required to implement pricing adjustments, may prevent all or part of these cost increases from being recovered, and these higher costs could adversely affect the Company's short-term financial results.

Jennie-O Turkey Store raises turkeys and contracts with turkey growers to meet its raw material requirements for whole birds and processed turkey products. Results in these operations are affected by the cost and supply of feed grains, which fluctuate due to climate conditions, production forecasts, and supply and demand conditions at local, regional, national, and worldwide markets. The Company attempts to manage some of its short-term exposure to fluctuations in feed prices by forward buying, using futures contracts, and pursuing pricing advances. However, these strategies may not be adequate to overcome sustained increases in market prices due to alternate uses for feed grains or other changes in these market conditions.

The Company may be subject to decreased availability or less favorable pricing for nuts, tomatoes, avocados, or other produce if poor growing conditions have a negative effect on agricultural productivity. Reductions in crop size or quality due to unfavorable growing conditions may have an adverse effect on the Company’s results.

The supplies of natural and organic proteins may impact the Company’s ability to ensure a continuing supply of these products. To mitigate this risk, the Company partners with multiple long-term suppliers.

International trade barriers and other restrictions or disruptions could result in decreased foreign demand and increased domestic supply of proteins, thereby potentially lowering prices. The Company occasionally utilizes in-country production to limit this exposure.

Market demand for the Company’s products may fluctuate. The Company faces competition from producers of alternative meats and protein sources, including pork, beef, turkey, chicken, fish, nuts, nut butters, whey, and plant-based proteins. The factors on which the Company competes include:

- price;
- product quality and attributes;
- brand identification;
- breadth of product line; and
- customer service.

Demand for the Company’s products is also affected by competitors’ promotional spending, the effectiveness of the Company’s advertising and marketing programs, and consumer perceptions. Failure to identify and react to changes in food trends such as sustainability of product sources and animal welfare could lead to, among other things, reduced demand for the Company’s brands and products. The Company may be unable to compete successfully on any or all of these factors in the future.

Damage to the Company’s reputation or brand image can adversely affect its business. Maintaining and continually enhancing the perception of the Company’s reputation and brands is critical to business success. The Company’s reputation and brands have been in the past and could in the future be adversely impacted by a number of factors, including unfavorable consumer perception related to events or rumors, adverse publicity, and negative information disseminated through social and digital media. Failure to maintain, extend, and expand the Company’s reputation or brand image could adversely impact operating results.

Climate change, or legal, regulatory or market measures to address climate change, could have an adverse impact on the Company’s business and results of operations. There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. If such climate change has a negative impact on agricultural productivity, the Company may have decreased availability or less favorable pricing for the raw materials necessary for its operations. Climate change may also cause decreased availability or less favorable pricing for water, which could have an adverse effect on the Company’s operations and supply chain. In addition, natural disasters and extreme weather, including those caused by climate change, could cause disruptions in the Company’s operations and supply chain.

The increasing concern over climate change may also result in greater local, state, federal, and foreign legal requirements, including requirements to limit greenhouse gas emissions or conserve water usage. If such requirements are enacted, the Company could experience significant cost increases in its operations and supply chain. Further, failure to accomplish goals set by the Company related to climate change or meet expectations of various Company stakeholders may cause decreased demand for the Company’s products and have an adverse effect on results of operations.

Legal and Regulatory Risks

The Company’s operations are subject to the general risks of litigation. The Company is involved on an ongoing basis in litigation arising in the ordinary course of business. Trends in litigation may include class actions involving employees, consumers, competitors, suppliers, shareholders, or others, and claims relating to product liability, contract disputes, antitrust regulations, intellectual property, advertising, labeling, wage and hour laws, employment practices or environmental matters. Neither litigation trends nor the outcomes of litigation can be predicted with certainty and adverse litigation trends and outcomes could negatively affect the Company’s financial results.

Government regulation, present and future, exposes the Company to potential sanctions and compliance costs that could adversely affect the Company’s business. The Company’s operations are subject to extensive regulation by the U.S. Department of Homeland Security, the U.S. Department of Agriculture, the U.S. Food and Drug Administration, federal and state taxing authorities and other federal, state, and local authorities which oversee workforce immigration, taxation, animal welfare, food safety, and the processing, packaging, storage, distribution, advertising, and labeling of the Company’s products. The Company’s manufacturing facilities and products are subject to ongoing inspection by federal, state and local authorities. Claims or enforcement proceedings could be brought against the Company in the future. The availability of government inspectors due to a government furlough could also cause disruption to the Company's manufacturing facilities. Additionally, the Company is subject to new or modified laws, regulations, and accounting standards. The Company's failure or inability to comply with such requirements could subject the Company to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions. A recent federal district court ruling has had a negative impact on harvest capacity and labor costs. Harvest facilities the Company uses are negotiating to resolve the situation and expect to reach a solution, but harvest capacity and labor costs will continue to be negatively impacted until a solution is reached. There can be no assurance a solution will be reached, in which case the negative impacts of the ruling would continue.

The Company is subject to stringent environmental regulations and potentially subject to environmental litigation, proceedings, and investigations. The Company's past and present business operations and ownership and operation of real property are subject to stringent federal, state, and local environmental laws and regulations pertaining to the discharge of materials into the environment and the handling and disposition of wastes (including solid and hazardous wastes) or otherwise relating to protection of the environment. Compliance with these laws and regulations, as well as any modifications, is material to the Company's business. Some of the Company's facilities have been in operation for many years and, over time, the Company and other prior operators of these facilities may have generated and disposed of wastes that now may be considered hazardous. Future discovery of contamination of property underlying or in the vicinity of the Company's present or former properties or manufacturing facilities and/or waste disposal sites could require the Company to incur additional expenses related to additional investigation, assessment or other requirements. The occurrence of any of these events, the implementation of new laws and regulations or stricter interpretation of existing laws or regulations could adversely affect the Company's financial results.

The Company's foreign operations pose additional risks to the Company's business. The Company operates its business and markets its products internationally. The Company's foreign operations are subject to the risks described above, as well as risks related to fluctuations in currency values, foreign currency exchange controls, compliance with foreign laws, compliance with applicable U.S. laws, including the Foreign Corrupt Practices Act, and other economic or political uncertainties. International sales are subject to risks related to general economic conditions, imposition of tariffs, quotas, trade barriers and other restrictions, enforcement of remedies in foreign jurisdictions and compliance with applicable foreign laws, and other economic and political uncertainties. All of these risks could result in increased costs or decreased revenues, which could adversely affect the Company's financial results.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

The Company's global headquarters are located in Austin, Minnesota. The Company has various processing plants, warehouses and operational facilities, mainly located in the U.S. The Company maintains a national sales force through strategic placement of sales offices across the U.S. Properties are also maintained internationally to support global processing and sales. The majority of Company property is owned. Leased property is used as needed for production and sales. Property leases range in duration from one to twelve years.

Area* *Square feet, in thousands*	Refrigerated Foods	Grocery Products	Jennie-O Turkey Store	International & Other	Corporate	Total
Production Facilities	5,339	2,768	2,007	1,270	—	11,384
Warehouse/Distribution Centers	724	1,555	149	33	—	2,461
Live Production	829	—	281	—	—	1,110
Administrative/Sales/Research	73	12	65	31	574	755
Total	6,965	4,335	2,502	1,334	574	15,710

*Many of the Company's properties are utilized by more than one segment. These facilities are reflected in the principal segment for presentation purposes. Additionally, turkey growout facilities are excluded.

The Company believes its operating facilities are well maintained and suitable for current production volumes. The Company regularly engages in construction and other capital improvement projects with a focus on value-added capacity projects and automation.

Item 3. LEGAL PROCEEDINGS

The Company is a party to various legal proceedings related to the ongoing operation of its business, including claims both by and against the Company. At any time, such proceedings typically involve claims related to product liability, labeling, contracts, antitrust regulations, intellectual property, competition laws, employment practices, or other actions brought by employees, customers, consumers, competitors or suppliers. The Company establishes accruals for its potential exposure, as appropriate, for claims against the Company when losses become probable and reasonably estimable. However, future developments or settlements are uncertain and may require the Company to change such accruals as proceedings progress. Resolution of any currently known matters, either individually or in the aggregate, is not expected to have a material effect on the Company's financial condition, results of operations, or liquidity.

The Company is a defendant in four sets of antitrust lawsuits broadly targeting the pork and turkey industries. None of these cases involve allegations of bid rigging or other criminal conduct. The Company has not established reserves as it does not believe it will have liability in any of these cases.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Information About Executive Officers

NAME	AGE	CURRENT OFFICE AND PREVIOUS FIVE YEARS EXPERIENCE	DATES
James P. Snee	55	Chairman of the Board, President and Chief Executive Officer	11/20/17 to Present
Jacinth C. Smiley	54	Executive Vice President and Chief Financial Officer	01/01/22 to Present
		Group Vice President (Corporate Strategy)	04/05/21 to 12/31/21
		Vice President and Chief Accounting Officer, LyondellBasell	04/01/18 to 04/04/21
		Chief Financial Officer, GE Oil and Gas North America	02/01/16 to 03/31/18
Deanna T. Brady	57	Executive Vice President (Retail)	10/31/22 to Present
		Executive Vice President (Refrigerated Foods)	10/28/19 to 10/30/22
		Group Vice President/President Consumer Product Sales	10/26/15 to 10/27/19
Mark A. Coffey	60	Group Vice President (Supply Chain)	04/26/21 to Present
		Senior Vice President (Supply Chain and Manufacturing)	03/28/17 to 04/25/21
Patrick J. Connor	53	Group Vice President (Retail Sales)	10/31/22 to Present
		Group Vice President/President Consumer Product Sales	10/28/19 to 10/30/22
		Vice President (Senior Vice President Consumer Product Sales)	10/31/11 to 10/27/19
Jeffery R. Frank	46	Group Vice President (Retail Marketing)	10/31/22 to Present
		Group Vice President (Grocery Products)	11/01/21 to 10/30/22
		Vice President (Grocery Products Marketing)	03/01/21 to 10/31/21
		Vice President (Foodservice Marketing)	04/30/18 to 02/28/21
		President and Chief Executive Officer (MegaMex)	10/28/13 to 04/29/18
Steven J. Lykken	52	Group Vice President (Jennie-O Turkey Store, Inc.)	03/22/21 to Present
		Senior Vice President/President Jennie-O Turkey Store, Inc.	12/04/17 to 03/21/21
		President Applegate Farms, LLC	04/11/16 to 12/03/17
Swen Neufeldt	49	Group Vice President (Hormel Foods International Corporation)	06/29/20 to Present
		Vice President (Meat Products)	10/31/16 to 06/28/20
Mark J. Ourada	57	Group Vice President (Foodservice)	03/05/18 to Present
		Vice President (Foodservice Sales)	10/28/13 to 03/04/18
Katherine M. Losness-Larson	57	Senior Vice President (Human Resources)	10/31/22 to Present
		Director of Human Resources	10/29/18 to 10/30/22
		Director of Organizational Development	03/17/14 to 10/28/18
Pierre M. Lilly	51	Senior Vice President and Chief Compliance Officer	10/26/20 to Present
		Director of Internal Audit	05/30/16 to 10/25/20
Lori J. Marco	55	Senior Vice President (External Affairs) and General Counsel	03/30/15 to Present
Kevin L. Myers, Ph.D.	57	Senior Vice President (Research and Development, Quality Control)	03/30/15 to Present
Wendy A. Watkins	56	Senior Vice President and Chief Communications Officer	11/01/21 to Present
		Vice President (Corporate Communications)	04/13/15 to 10/31/21
Paul R. Kuehneman	51	Vice President and Controller	02/18/22 to Present
		Assistant Controller	01/04/21 to 02/17/22
		Vice President and CFO (Jennie-O Turkey Store)	05/30/16 to 01/03/21
Florence Makope	47	Vice President and Treasurer	07/25/22 to Present
		Director of Strategy Deployment, Oshkosh Corporation	06/27/21 to 07/01/22
		Director of International Finance, Oshkosh Corporation	03/25/20 to 06/26/21
		Treasurer, Plexus Corp.	11/19/17 to 03/27/20

No family relationship exists among the executive officers.

Executive officers are designated annually by the Board of Directors at the first meeting following the Annual Meeting of Stockholders. Vacancies may be filled and additional officers elected at any time. The Company's Chief Executive Officer has the authority to appoint and remove Vice Presidents (other than Executive Vice Presidents, Group Vice Presidents, and Senior Vice Presidents).

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Hormel Foods Corporation's common stock is traded on the New York Stock Exchange under the symbol HRL. The CUSIP number is 440452100.

Holders

There are approximately 10,000 record stockholders and 230,000 stockholders whose shares are held in street name by brokerage firms and financial institutions.

Issuer Purchases of Equity Securities

Fourth Quarter Ended October 30, 2022

Period	Total Number of Shares Purchased(1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs(1)
August 1, 2022 - September 4, 2022	—	$ —	—	3,987,494
September 5, 2022 - October 2, 2022	—	—	—	3,987,494
October 3, 2022 - October 30, 2022	—	—	—	3,987,494
Total	—		—	

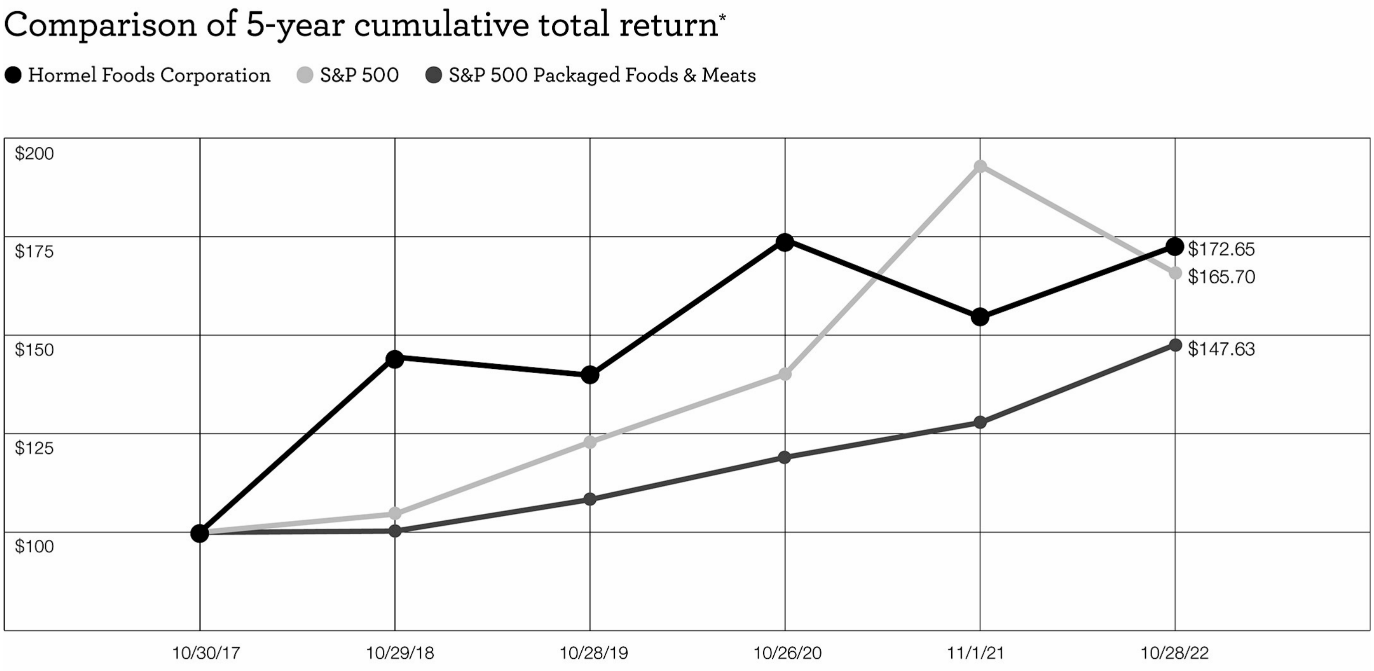
(1) On January 29, 2013, the Company's Board of Directors authorized the repurchase of 10,000,000 shares of its common stock with no expiration date. On January 26, 2016, the Board of Directors approved a two-for-one split of the Company's common stock to be effective January 27, 2016. As part of the stock split resolution, the number of shares remaining to be repurchased was adjusted proportionately.

Dividends

The Company has paid dividends for 377 consecutive quarters. The annual dividend rate for fiscal 2023 will increase to $1.10 per share, representing the 57th consecutive annual dividend increase. The Company is dedicated to returning excess cash flow to shareholders through dividend payments.

Shareholder Return Performance Graph

The following graph shows a comparison of cumulative total shareholder return, calculated on a dividend-reinvested basis, for the Company, the S&P 500 Index, and the S&P 500 Packaged Foods & Meats Index for the five years ended October 30, 2022. The graph assumes $100 was invested in each, as of the market close on October 30, 2017. Note that historic stock price performance is not necessarily indicative of future stock price performance.



* $100 invested on 10/30/17 in stock or index – including reinvestment of dividends.

Item 6. RESERVED

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Overview

Fiscal 2022: The Company achieved its third consecutive year of record net sales in fiscal 2022. Net sales increased 9 percent to $12.5 billion, primarily driven by the full year inclusion of the *Planters®* snack nuts business and by growth from the Company's foodservice businesses. Organic net sales[1] growth of 6 percent can be attributed to improvement from the foodservice businesses and pricing actions to mitigate inflationary pressures in each business segment ([1]See explanation of non-GAAP financial measures in the Consolidated Results section). Volume and organic volume[1] declined 7 percent and 8 percent, respectively. Consistent with the Company's long-term strategy to better align resources to value-added growth, the overall decline in volume was primarily due to lower commodity sales resulting from the Company's new pork supply agreement, which was effective January 1, 2022. Net earnings increased 10 percent compared to fiscal 2021, benefiting from the inclusion of the *Planters®* snack nuts business, significant profit growth for the Jennie-O Turkey Store segment, and higher sales across the foodservice businesses. Net earnings were negatively impacted by broad-based inflationary pressures stemming from raw materials, packaging, freight, labor, and other inputs. Pricing actions to mitigate these pressures were announced and implemented throughout fiscal 2022. Diluted earnings per share for fiscal 2022 was $1.82, compared to $1.66 last year. Fiscal 2022 contained one less week than the prior year.

Earnings for Jennie-O Turkey Store increased significantly due to higher commodity prices and foodservice sales. Highly pathogenic avian influenza (HPAI) was confirmed in the Jennie-O Turkey Store supply chain in March 2022. In the second half of the year, the team effectively managed a limited turkey supply and maximized operational performance. Refrigerated Foods segment profit for the full year increased, primarily driven by strong results from the foodservice businesses, more than offsetting higher operational and logistics costs. Grocery Products segment profit declined, as the contribution from the *Planters®* snack nuts business and organic net sales growth was more than offset by inflationary pressures and lower results from MegaMex. International & Other segment profit declined due in large part to lower results from the export business, which was negatively impacted by logistics challenges and meaningfully higher freight and warehouse expenses.

The Company again reinvested into the business through capital expenditures and returned a record amount of cash to shareholders in the form of dividends. Capital expenditures in fiscal 2022 were $279 million, including investments in new production capabilities for retail and foodservice pepperoni, an expansion of bacon capacity, work on a new line for the *SPAM®* family of products to be opened in the first half of fiscal 2023, and other projects to support growth of branded products and increase automation. The annual dividend for 2023 will be $1.10 per share and marks the 57th consecutive year of dividend increases.

In August 2022, the Company announced a new strategic operating model and has transitioned, effective October 31, 2022, to three operating segments – Retail, Foodservice, and International. The three new segments will continue to be supported by the Company's One Supply Chain team and corporate functions. Additionally, the Company will be standing up a Brand Fuel Center of Excellence, which will house enterprise-wide brand management expertise, e-commerce capabilities, insights-led innovation and analytical support to further enable data-driven decisions. Changes to the Company's operating segments have no impact on historical consolidated results of operations, financial position, or cash flows. Earnings will be reported under this structure beginning with the release of fiscal 2023 first quarter results in early March 2023. The Company will provide recast financial information for fiscal years 2021 and 2022 in February 2023.

Fiscal 2023 Outlook: The Company expects sales and earnings growth in fiscal 2023. From a top-line perspective, the Company anticipates to benefit from higher levels of brand investment, increased production capacity, pricing actions effective in the second half of fiscal 2022, and actions related to its new strategic operating model. Earnings growth is expected from the Foodservice and International segments and improvement across the supply chain. The Company expects to again operate in a volatile, complex and high-cost environment in fiscal 2023. Risks to the outlook include incremental inflationary pressures, further supply chain disruption, and the impact of deteriorating macroeconomic conditions on the Company's customers, consumers, and operators.

The Company remains in a strong financial position due to its consistent cash flow, liquidity, and strong balance sheet. The Company plans to continue to support the business through increased marketing and advertising investments for its leading brands as well as investments into its production capabilities, including a new line for the *SPAM®* family of products, a large investment to expand its operations and capabilities in China, and projects to increase automation and efficiency. The Company remains committed to returning cash to shareholders in the form of dividends.

A detailed review of the Company's fiscal 2022 performance compared to fiscal 2021 appears in the following section. A detailed review of the fiscal 2021 performance compared to fiscal 2020 is set forth in Part II, Item 7 of the Company's Form 10-K for the fiscal year ended October 31, 2021, under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is incorporated herein by reference.

Results of Operations

OVERVIEW

The Company is a processor of branded and unbranded food products for retail, foodservice, deli, and commercial customers.

The Company operates in the following four reportable segments:

Grocery Products: The Grocery Products segment primarily consists of the processing, marketing, and sale of shelf-stable food products sold predominantly in the retail market, along with the sale of nutritional and private label shelf-stable products to retail, foodservice, and industrial customers. This segment also includes the results from the Company's MegaMex Foods, LLC (MegaMex) joint venture.

Refrigerated Foods: The Refrigerated Foods segment includes the processing, marketing, and sale of branded and unbranded pork, beef, and poultry products for retail, foodservice, deli, convenience store, and commercial customers.

Jennie-O Turkey Store: The Jennie-O Turkey Store segment primarily consists of the processing, marketing, and sale of branded and unbranded turkey products for retail, foodservice, and commercial customers.

International & Other: The International & Other segment includes Hormel Foods International, which manufactures, markets, and sells Company products internationally. This segment also includes the results from the Company's international royalty arrangements and other joint ventures.

The Company's fiscal year consisted of 52 weeks in fiscal years 2022 and 2020 and 53 weeks in fiscal year 2021. Fiscal year 2023 will consist of 52 weeks.

CONSOLIDATED RESULTS

Net Earnings and Diluted Earnings Per Share

	Fourth Quarter Ended			Fiscal Year Ended		
In thousands, except per share amounts	**October 30, 2022**	October 31, 2021	% Change	**October 30, 2022**	October 31, 2021	% Change
Net Earnings	**$ 279,883**	$ 281,738	(0.7)	**$ 999,987**	$ 908,839	10.0
Diluted Earnings Per Share	**0.51**	0.51	—	**1.82**	1.66	9.6
Adjusted Diluted Earnings Per Share (1)	**0.51**	0.51	—	**1.82**	1.73	5.2

Volume and Net Sales

	Fourth Quarter Ended			Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	% Change	**October 30, 2022**	October 31, 2021	% Change
Volume (lbs.)	**1,160,490**	1,379,848	(15.9)	**4,604,169**	4,933,136	(6.7)
Organic Volume(1)	**1,160,490**	1,281,287	(9.4)	**4,440,352**	4,834,575	(8.2)
Net Sales	**$ 3,283,475**	$ 3,454,751	(5.0)	**$ 12,458,806**	$ 11,386,189	9.4
Organic Net Sales(1)	**3,283,475**	3,207,983	2.4	**11,853,241**	11,139,421	6.4

(1) See the "Non-GAAP Financial Measures" section below for a description of the Company's use of measures not defined by U.S. generally accepted accounting principles (GAAP)

Consistent with the Company's long-term strategy to better align resources to value-added growth, the overall decline in volume for the fourth quarter and full year of fiscal 2022 was primarily due to lower commodity sales resulting from the Company's new pork supply agreement, which was effective January 1, 2022.

Net sales decreased for the fourth quarter of fiscal 2022 due to reduced commodity sales and the impact from an additional week of sales last year. Organic net sales for the fourth quarter increased, led by growth from the Grocery Products and International & Other segments. The Grocery Products segment benefited from pricing actions effective at the beginning of the fourth quarter.

Fiscal 2022 marked the third consecutive year of record sales for the Company. Record net sales were primarily driven by the inclusion of the *Planters®* snack nuts business and growth from the Company's foodservice businesses. All segments implemented pricing actions during the fiscal year to combat inflationary pressures.

In fiscal 2023, the Company expects sales growth and to benefit from higher levels of brand investment, increased production capacity, pricing actions effective in the second half of fiscal 2022, and actions related to its new strategic operating model.

Cost of Products Sold

In thousands	Fourth Quarter Ended October 30, 2022	October 31, 2021	% Change	Fiscal Year Ended October 30, 2022	October 31, 2021	% Change
Cost of Products Sold	**$ 2,717,058**	$ 2,876,669	(5.5)	**$ 10,294,120**	$ 9,458,283	8.8

Cost of products sold for the fourth quarter decreased, resulting from lower sales due to the additional week in fiscal 2021. For fiscal 2022, cost of products sold increased due to inflationary pressures stemming from raw materials, packaging, freight, labor, and other inputs. The inclusion of the *Planters*® snack nuts business was also a driver of higher costs for the full year.

In fiscal 2023, costs are expected to remain elevated due to the continued impacts of broad-based inflation. Raw material input costs for pork, beef, turkey, and feed are anticipated to remain volatile and above historical levels.

Gross Profit

In thousands	Fourth Quarter Ended October 30, 2022	October 31, 2021	% Change	Fiscal Year Ended October 30, 2022	October 31, 2021	% Change
Gross Profit	**$ 566,417**	$ 578,081	(2.0)	**$ 2,164,686**	$ 1,927,906	12.3
Percentage of Net Sales	**17.3 %**	16.7 %		**17.4 %**	16.9 %	

Consolidated gross profit as a percentage of net sales for the fourth quarter and full year of fiscal 2022 increased primarily due to improved profitability from the Jennie-O Turkey Store segment, the inclusion of the *Planters*® snack nuts business, and pricing actions to help mitigate inflationary pressures across all segments. Gross profit as a percentage of net sales also benefited from the reduction of lower margin commodity sales resulting from the Company's new pork supply agreement.

Compared to the prior year, gross profit as a percentage of net sales for the fourth quarter of fiscal 2022 increased for the Jennie-O Turkey Store segment and declined for the other segments. For fiscal 2022, gross profit as a percentage of net sales increased for the Jennie-O Turkey Store and International & Other segments and decreased for the Refrigerated Foods and Grocery Products segments. All business segments were negatively impacted by broad-based inflationary pressures.

In fiscal 2023, the Company expects gross profit as a percentage of net sales to be comparable to fiscal 2022. Incremental cost inflation poses the largest risk to this assumption.

Selling, General, and Administrative (SG&A)

In thousands	Fourth Quarter Ended October 30, 2022	October 31, 2021	% Change	Fiscal Year Ended October 30, 2022	October 31, 2021	% Change
SG&A	**$ 206,487**	$ 230,441	(10.4)	**$ 879,265**	$ 853,071	3.1
Percentage of Net Sales	**6.3 %**	6.7 %		**7.1 %**	7.5 %	

SG&A expenses for the fourth quarter of fiscal 2022 declined primarily due to the additional week in fiscal 2021. SG&A expenses for fiscal 2022 increased due to the inclusion of the *Planters*® snack nuts business and higher marketing and advertising investments. As a percent of net sales, SG&A expenses declined for the full year, driven by record sales and disciplined cost management.

Advertising investments in fiscal year 2022 were $157 million, representing a 14 percent increase compared to fiscal 2021.

In fiscal 2023, the Company intends to continue investing in key brands including *Planters*®, *SPAM*®*, SKIPPY*®, *Columbus*®*, Hormel*® *Black Label*®*, Hormel*® pepperoni, and *Jennie-O*®.

Research and development continues to be a vital part of the Company's strategy to grow existing brands and expand into new branded items. Research and development expenses were $8.6 million and $34.7 million for the fourth quarter and full year of fiscal 2022, respectively, compared to $8.3 million and $33.6 million for the corresponding periods in fiscal 2021.

Equity in Earnings of Affiliates

In thousands	Fourth Quarter Ended					Fiscal Year Ended				
	October 30, 2022		October 31, 2021		% Change	**October 30, 2022**		October 31, 2021		% Change
Equity in Earnings of Affiliates	**$**	**7,234**	$	10,041	(28.0)	**$**	**27,185**	$	47,763	(43.1)

Equity in earnings of affiliates for the fourth quarter and full year of fiscal 2022 decreased significantly due to lower results for MegaMex. MegaMex results have been negatively impacted by inflationary pressures, including significantly higher costs for avocados.

The Company accounts for its majority-owned operations under the consolidation method. Investments in which the Company owns a minority interest, and for which there are no other indicators of control, are accounted for under the equity or cost method. These investments, along with receivables from other affiliates, are included in the Consolidated Statements of Financial Position as investments in and receivables from affiliates. The composition of this line item as of October 30, 2022, was as follows:

In thousands	Investments/Receivables	
U.S.	$	192,577
Foreign		78,481
Total	$	271,058

Interest and Investment Income and Interest Expense

In thousands	Fourth Quarter Ended					Fiscal Year Ended				
	October 30, 2022		October 31, 2021		% Change	**October 30, 2022**		October 31, 2021		% Change
Interest and Investment Income	**$**	**7,933**	$	10,138	(21.7)	**$**	**28,012**	$	46,878	(40.2)
Interest Expense		**17,602**		15,589	(12.9)		**62,515**		43,307	(44.4)

Interest and investment income decreased in the fourth quarter and full year of fiscal 2022 primarily due to losses on the rabbi trust. Interest expense in fiscal 2022 reflects the full year impact of debt issued in 2021.

Effective Tax Rate

	Fourth Quarter Ended		Fiscal Year Ended	
	October 30, 2022	October 31, 2021	**October 30, 2022**	October 31, 2021
Effective Tax Rate	**21.7 %**	20.0 %	**21.7 %**	19.3 %

The effective tax rate for fiscal 2021 included the benefit of one-time state tax discrete items. For additional information, refer to Note N - Income Taxes.

The Company expects the effective tax rate in fiscal 2023 to be between 21.0 and 23.0 percent.

SEGMENT RESULTS

Net sales and segment profit for each of the Company’s reportable segments are set forth below. The Company is an integrated enterprise, characterized by substantial intersegment cooperation, cost allocations, and sharing of assets. Therefore, the Company does not represent that these segments, if operated independently, would report the segment profit and other financial information shown below. Additional segment financial information can be found in Note P - Segment Reporting.

	Fourth Quarter Ended			Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	% Change	**October 30, 2022**	October 31, 2021	% Change
Net Sales						
Grocery Products	**$ 934,174**	$ 905,030	3.2	**$ 3,533,138**	$ 2,809,445	25.8
Refrigerated Foods	**1,759,161**	1,888,311	(6.8)	**6,691,230**	6,333,410	5.6
Jennie-O Turkey Store	**391,866**	459,754	(14.8)	**1,507,421**	1,495,151	0.8
International & Other	**198,274**	201,655	(1.7)	**727,017**	748,183	(2.8)
Total Net Sales	**$ 3,283,475**	$ 3,454,751	(5.0)	**$ 12,458,806**	$ 11,386,189	9.4
Segment Profit						
Grocery Products	**$ 102,378**	$ 111,235	(8.0)	**$ 367,642**	$ 382,197	(3.8)
Refrigerated Foods	**167,402**	196,819	(14.9)	**685,394**	664,558	3.1
Jennie-O Turkey Store	**75,891**	30,492	148.9	**218,860**	76,006	188.0
International & Other	**30,194**	31,343	(3.7)	**105,264**	115,943	(9.2)
Total Segment Profit	**375,865**	369,888	1.6	**1,377,161**	1,238,704	11.2
Net Unallocated Expense	**18,498**	17,669	4.7	**99,297**	112,836	(12.0)
Noncontrolling Interest	**128**	12	994.1	**239**	301	(20.6)
Earnings Before Income Taxes	**$ 357,495**	$ 352,230	1.5	**$ 1,278,103**	$ 1,126,170	13.5

Grocery Products

	Fourth Quarter Ended			Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	% Change	**October 30, 2022**	October 31, 2021	% Change
Volume (lbs.)	**388,270**	403,550	(3.8)	**1,499,558**	1,340,895	11.8
Net Sales	**$ 934,174**	$ 905,030	3.2	**$ 3,533,138**	$ 2,809,445	25.8
Segment Profit	**102,378**	111,235	(8.0)	**367,642**	382,197	(3.8)

Net sales for the fourth quarter of fiscal 2022 increased due to strong demand for *SKIPPY*® peanut butter and the impact of pricing actions across the Mexican and simple-meals portfolios. For the full year, net sales increased primarily due to the inclusion of the *Planters*® snack nuts business and the impact from strategic pricing actions.

For the fourth quarter of fiscal 2022, segment profit declined, as pricing actions did not offset the impact from continued inflationary pressures. Full year segment profit decreased, as the contribution from the *Planters*® snack nuts business and organic net sales growth was more than offset by inflationary pressures and lower results from MegaMex.

In fiscal 2023, the Grocery Products segment will be reported within the Company's new Retail and Foodservice segments. Refer to the "Fiscal 2023 Outlook" in the "Executive Summary" for additional forward-looking commentary.

Refrigerated Foods

	Fourth Quarter Ended			Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	% Change	**October 30, 2022**	October 31, 2021	% Change
Volume (lbs.)	**530,166**	657,488	(19.4)	**2,104,665**	2,437,217	(13.6)
Net Sales	**$ 1,759,161**	$ 1,888,311	(6.8)	**$ 6,691,230**	$ 6,333,410	5.6
Segment Profit	**167,402**	196,819	(14.9)	**685,394**	664,558	3.1

Volume and net sales declined in the fourth quarter of fiscal 2022 due to the impact from an additional week in the fourth quarter of last year and lower commodity sales. Products such as *Hormel® Natural Choice®* meats, *Hormel® Bacon 1™* fully cooked bacon, *Hormel® Fire Braised™* flame-seared meats, *Hormel Gatherings®* party trays and *Applegate®* breaded chicken grew volume and sales for the quarter. For fiscal 2022, net sales increased due to strong results from the foodservice businesses, strategic pricing actions across the portfolio, and the inclusion of the *Planters®* snack nuts business in the convenience channel. Consistent with the Company's long-term strategy to better align resources to value-added growth, the overall decline in volume for the fourth quarter and full year was due primarily to lower commodity sales resulting from the Company's new pork supply agreement.

The decline in segment profit for the fourth quarter of fiscal 2022 was driven by lower commodity profitability and higher operational, logistics and raw material costs. Segment profit growth for full year of fiscal 2022 was primarily due to strong results from the foodservice businesses, more than offsetting higher operational and logistics costs.

In fiscal 2023, the Refrigerated Foods segment will be reported within the Company's new Retail and Foodservice segments. Refer to the "Fiscal 2023 Outlook" in the "Executive Summary" for additional forward-looking commentary.

Jennie-O Turkey Store

	Fourth Quarter Ended			Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	% Change	**October 30, 2022**	October 31, 2021	% Change
Volume (lbs.)	**163,785**	240,771	(32.0)	**703,824**	824,184	(14.6)
Net Sales	**$ 391,866**	$ 459,754	(14.8)	**$ 1,507,421**	$ 1,495,151	0.8
Segment Profit	**75,891**	30,492	148.9	**218,860**	76,006	188.0

As anticipated, volume and sales declined in the fourth quarter of fiscal 2022 as a result of the supply impacts on the Company's vertically integrated supply chain from HPAI. For fiscal 2022, higher foodservice and whole-bird sales due to favorable pricing drove the marginal sales increase.

For the fourth quarter of fiscal 2022, segment profit growth was primarily due to higher commodity prices and improved value-added mix. For the full year fiscal 2022, higher commodity prices and foodservice sales drove the substantial improvement in segment profit.

In fiscal 2023, the Jennie-O Turkey Store segment will be reported within the Company's new Retail, Foodservice, and International segments. The Company expects the impacts from HPAI to reduce production volume in its turkey facilities through at least the first half of fiscal 2023. Refer to the "Fiscal 2023 Outlook" in the "Executive Summary" for additional forward-looking commentary.

International & Other

	Fourth Quarter Ended			Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	% Change	**October 30, 2022**	October 31, 2021	% Change
Volume (lbs.)	**78,269**	78,039	0.3	**296,122**	330,841	(10.5)
Net Sales	**$ 198,274**	$ 201,655	(1.7)	**$ 727,017**	$ 748,183	(2.8)
Segment Profit	**30,194**	31,343	(3.7)	**105,264**	115,943	(9.2)

In the fourth quarter of fiscal 2022, volume and net sales growth from the *SPAM®* and *SKIPPY®* brands and the multinational businesses were offset by lower fresh pork and refrigerated export sales. For fiscal 2022, volume and sales declined as a result of lower commodity sales due to the Company's new pork supply agreement and ongoing export logistics challenges.

Segment profit declined in the fourth quarter of fiscal 2022, as growth in China did not overcome the impact of lower margins and higher logistics expenses for the export business. Segment profit for the full year declined due in large part to lower results from the export business, which was negatively impacted by logistics challenges and meaningfully higher freight expenses.

In fiscal 2023, the International & Other segment will be reported within the Company's new International segment. Refer to the "Fiscal 2023 Outlook" in the "Executive Summary" for additional forward-looking commentary.

Unallocated Income and Expense

The Company does not allocate deferred compensation, investment income, interest expense, or interest income to its segments when measuring performance. The Company also retains various other income and unallocated expenses at the corporate level. Equity in Earnings of Affiliates is included in segment profit; however, earnings attributable to the Company's noncontrolling interests are excluded. These items are included in the segment table for the purpose of reconciling segment results to Earnings Before Income Taxes.

	Fourth Quarter Ended		Fiscal Year Ended	
In thousands	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
Net Unallocated Expense	**$ 18,498**	$ 17,669	**$ 99,297**	$ 112,836
Noncontrolling Interest	**128**	12	**239**	301

For the fourth quarter of fiscal 2022, Net Unallocated Expense increased slightly as unfavorable investment performance was mostly offset with lower corporate expense.

For fiscal 2022, Net Unallocated Expense decreased due to one-time acquisition costs and accounting adjustments of $43 million related to the acquisition of the *Planters*® snack nuts business in fiscal 2021. The overall decline was partially offset by higher interest expense and lower investment income net of deferred compensation.

Non-GAAP Financial Measures

The non-GAAP adjusted financial measurement of adjusted diluted earnings per share is presented to provide investors with additional information to facilitate the comparison of past and present operations. This measurement excludes the impact of the acquisition-related expenses and accounting adjustments related to the acquisition of the *Planters®* snack nuts business. The tax impact was calculated using the effective tax rate for the quarter in which the expenses and accounting adjustments were incurred.

The non-GAAP adjusted financial measurements of organic volume and organic net sales are presented to provide investors with additional information to facilitate the comparison of past and present operations. Organic volume and organic net sales exclude the impacts of the acquisition of the *Planters®* snack nuts business (June 2021) in the Grocery Products, Refrigerated Foods, and International & Other segments. Organic volume and organic net sales also exclude the impact of the 53rd week in fiscal 2021 as approximated based on average weekly sales for the fourth quarter (fourteen weeks) ended October 31, 2021.

The Company provides earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA) because these measures are useful to management and investors as indicators of operating strength relative to prior years and are commonly used to benchmark the Company's performance.

The Company believes these non-GAAP financial measurements provide useful information to investors because they are the measurements used to evaluate performance on a comparable year-over-year basis. Non-GAAP measurements are not intended to be a substitute for U.S. GAAP measurements in analyzing financial performance. These non-GAAP measurements are not in accordance with generally accepted accounting principles and may be different from non-GAAP measures used by other companies.

The following tables show the calculations to reconcile from the GAAP measures to the non-GAAP adjusted measures.

ADJUSTED DILUTED EARNINGS PER SHARE (NON-GAAP)

	Fiscal Year Ended				
	October 30, 2022	October 31, 2021			
In thousands, except per share amounts	**Reported GAAP**	Reported GAAP	Acquisition Costs and Adjustments	Non-GAAP	Non-GAAP % Change
Net Sales	**$ 12,458,806**	$ 11,386,189	$ —	$ 11,386,189	9.4
Cost of Products Sold	**10,294,120**	9,458,283	(12,900)	9,445,383	9.0
Gross Profit	**2,164,686**	1,927,906	12,900	1,940,806	11.5
Selling, General, and Administrative	**879,265**	853,071	(30,303)	822,768	6.9
Equity in Earnings of Affiliates	**27,185**	47,763	—	47,763	(43.1)
Operating Income	**1,312,607**	1,122,599	43,203	1,165,802	12.6
Interest and Investment Income (Expense)	**28,012**	46,878	—	46,878	(40.2)
Interest Expense	**62,515**	43,307	—	43,307	44.4
Earnings Before Income Taxes	**1,278,103**	1,126,170	43,203	1,169,373	9.3
Provision for Income Taxes	**277,877**	217,029	5,975	223,004	24.6
Net Earnings	**1,000,226**	909,140	37,228	946,368	5.7
Less: Net Earnings Attributable to Noncontrolling Interest	**239**	301	—	301	(20.5)
Net Earnings Attributable to Hormel Foods Corporation	**$ 999,987**	$ 908,839	$ 37,228	$ 946,067	5.7
Diluted Net Earnings Per Share	**$ 1.82**	$ 1.66	$ 0.06	$ 1.73	5.2

ORGANIC VOLUME (NON-GAAP)

	Fourth Quarter Ended				
	October 30, 2022	October 31, 2021			
Lbs., in thousands	**Reported (GAAP)**	Reported (GAAP)	53rd Week	Organic (Non-GAAP)	Organic % Change
Grocery Products	**388,270**	403,550	(28,825)	374,725	3.6
Refrigerated Foods	**530,166**	657,488	(46,963)	610,525	(13.2)
Jennie-O Turkey Store	**163,785**	240,771	(17,198)	223,573	(26.7)
International & Other	**78,269**	78,039	(5,574)	72,465	8.0
Total Volume	**1,160,490**	1,379,848	(98,561)	1,281,287	(9.4)

	Fiscal Year Ended						
	October 30, 2022			October 31, 2021			
Lbs., in thousands	**Reported (GAAP)**	**Acquisitions**	**Organic (Non-GAAP)**	Reported (GAAP)	53rd Week	Organic (Non-GAAP)	Organic % Change
Grocery Products	**1,499,558**	**(138,186)**	**1,361,372**	1,340,895	(28,825)	1,312,070	3.8
Refrigerated Foods	**2,104,665**	**(22,127)**	**2,082,538**	2,437,217	(46,963)	2,390,254	(12.9)
Jennie-O Turkey Store	**703,824**	**—**	**703,824**	824,184	(17,198)	806,986	(12.8)
International & Other	**296,122**	**(3,503)**	**292,619**	330,841	(5,574)	325,267	(10.0)
Total Volume	**4,604,169**	**(163,817)**	**4,440,352**	4,933,136	(98,561)	4,834,575	(8.2)

ORGANIC NET SALES (NON-GAAP)

	Fourth Quarter Ended				
	October 30, 2022	October 31, 2021			
In thousands	**Reported (GAAP)**	Reported (GAAP)	53rd Week	Organic (Non-GAAP)	Organic % Change
Grocery Products	**$ 934,174**	$ 905,030	$ (64,645)	$ 840,385	11.2
Refrigerated Foods	**1,759,161**	1,888,311	(134,879)	1,753,432	0.3
Jennie-O Turkey Store	**391,866**	459,754	(32,840)	426,914	(8.2)
International & Other	**198,274**	201,655	(14,404)	187,251	5.9
Total Net Sales	**$ 3,283,475**	$ 3,454,751	$ (246,768)	$ 3,207,983	2.4

	Fiscal Year Ended						
	October 30, 2022			October 31, 2021			
In thousands	**Reported (GAAP)**	**Acquisitions**	**Organic (Non-GAAP)**	Reported (GAAP)	53rd Week	Organic (Non-GAAP)	Organic % Change
Grocery Products	**$ 3,533,138**	**$ (514,708)**	**$ 3,018,430**	$ 2,809,445	$ (64,645)	$ 2,744,800	10.0
Refrigerated Foods	**6,691,230**	**(80,979)**	**6,610,251**	6,333,410	(134,879)	6,198,531	6.6
Jennie-O Turkey Store	**1,507,421**	**—**	**1,507,421**	1,495,151	(32,840)	1,462,311	3.1
International & Other	**727,017**	**(9,877)**	**717,140**	748,183	(14,404)	733,779	(2.3)
Total Net Sales	**$ 12,458,806**	**$ (605,565)**	**$ 11,853,241**	$ 11,386,189	$ (246,768)	$ 11,139,421	6.4

EBIT and EBITDA

	Fiscal Year Ended	
In thousands	**October 30, 2022**	October 31, 2021
EBIT:		
Net Earnings Attributable to Hormel Foods Corporation	**$ 999,987**	$ 908,839
Plus: Income Tax Expense	**277,877**	217,029
Plus: Interest Expense	**62,515**	43,307
Less: Interest and Investment Income	**28,012**	46,878
EBIT	**$ 1,312,367**	$ 1,122,297
EBITDA:		
EBIT per above	**1,312,367**	1,122,297
Plus: Depreciation and Amortization	**262,753**	228,406
EBITDA	**$ 1,575,121**	$ 1,350,704

LIQUIDITY AND CAPITAL RESOURCES

When assessing liquidity and capital resources, the Company evaluates cash and cash equivalents, short-term and long-term investments, income from operations, and borrowing capacity.

Cash Flow Highlights

	Fiscal Year Ended	
In millions	**October 30, 2022**	October 31, 2021
Cash and Cash Equivalents	**$ 982**	$ 614
Cash Provided By (Used in) Operating Activities	**1,135**	1,002
Cash Provided by (Used in) Investing Activities	**(258)**	(3,626)
Cash Provided by (Used in) Financing Activities	**(487)**	1,521

Cash and cash equivalents increased in fiscal 2022. The Company's income from operations was sufficient to cover dividend payments and capital expenditures. Additional details related to significant drivers of cash flows are provided below.

Cash Provided by (Used in) Operating Activities

- Cash flows from operating activities were largely impacted by changes in operating assets and liabilities.
  - Accounts receivable decreased $28 million in fiscal 2022 primarily due to timing of collections. The $192 million increase in fiscal 2021 is largely due to increased sales and the incremental impact of the *Planters®* snack nuts business.
  - In fiscal 2022, inventory increased $352 million due to inflation in raw material and other input costs and maintaining higher inventory levels. The $145 million increase in fiscal 2021 is due to higher raw material and supply costs and the acquisition of the *Planters®* snack nuts business.
  - Accounts payable and accrued expenses decreased $15 million in fiscal 2022 related to the timing of payments. In fiscal 2021, accounts payable and accrued expenses increased $115 million related to the incremental impact of the *Planters®* snack nuts business.

Cash Provided by (Used in) Investing Activities

- Capital expenditures were $279 million and $232 million in fiscal 2022 and 2021, respectively. The largest spend in both years was related to capacity expansion in Omaha, Nebraska. Additional projects included an expansion of bacon capacity at the Austin, Minnesota facility and a new production line for the *SPAM®* family of products in Dubuque, Iowa in fiscal 2022 and Project Orion in fiscal 2021.
- In fiscal 2021, the Company acquired the *Planters®* snack nuts business for $3.4 billion.

Cash Provided by (Used in) Financing Activities

- Cash dividends paid to the Company's shareholders continue to be an ongoing financing activity for the Company with payments totaling $558 million in fiscal 2022 and $523 million in fiscal 2021. The dividend rate was $1.04 per share in fiscal 2022, which reflected a 6 percent increase over the fiscal 2021 rate of $0.98 per share.
- The Company issued $2.3 billion of long-term debt in fiscal 2021. Proceeds from the issuance, along with cash on hand, were used to fund the acquisition of the *Planters®* snack nuts business.
- The Company repaid $250 million of its senior unsecured notes upon maturity in fiscal 2021.

Sources and Uses of Cash

The Company's balanced business model, with diversification across raw material inputs, channels, and categories, provides stability in ever changing economic environments. The Company maintains a disciplined capital allocation strategy by applying a waterfall approach, which focuses first on required uses of cash such as capital expenditures to maintain facilities, dividend returns to investors, mandatory debt repayments, and pension obligations. Next, the Company looks to strategic items in support of growth initiatives such as capital projects, acquisitions, additional dividend increases, and working capital investments. Finally, the Company evaluates opportunistic uses including incremental debt repayment and share repurchases.

The Company believes its anticipated income from operations, cash on hand, and borrowing capacity under the current credit facility will be adequate to meet all short-term and long-term commitments. The Company continues to look for opportunities to make investments and acquisitions that align with its strategic priorities. The Company's ability to leverage its balance sheet through the issuance of debt provides the flexibility to pursue strategic opportunities which may require additional funding.

Dividend Payments

The Company remains committed to providing returns to investors through cash dividends. The Company has paid 377 consecutive quarterly dividends since becoming a public company in 1928. The annual dividend rate for fiscal 2023 will increase to $1.10 per share, representing the 57th consecutive annual dividend increase.

Capital Expenditures
Capital expenditures are first allocated to required maintenance and then growth opportunities based on the needs of the business. Capital expenditures supporting growth opportunities in fiscal 2023 will focus on projects for capacity, innovation, automation, and new technology. Capital expenditures for fiscal 2023 are estimated to be $350 million.

Debt
As of October 30, 2022, the Company's outstanding debt included $3.3 billion of fixed rate unsecured senior notes due in fiscal 2024, 2028, 2030, and 2051. During fiscal 2022, the Company made $55 million of interest payments and expects to make $55 million of interest payments in fiscal 2023 on these notes. See Note L - Long-term Debt and Other Borrowing Arrangements for additional information.

Borrowing Capacity
As a source of short-term financing, the Company maintains a $750 million unsecured revolving credit facility. The maximum commitment under this credit facility may be further increased by $375 million, generally by mutual agreement of the lenders and us, subject to certain customary conditions. Funds drawn from this facility may be used by the Company to refinance existing debt, for working capital or other general corporate purposes, and for funding acquisitions. The lending commitments under the facility are scheduled to expire on May 6, 2026, at which time the Company will be required to pay in full all obligations then outstanding. As of October 30, 2022, the Company had no outstanding draws from this facility.

Debt Covenants
The Company's debt and credit agreements contain customary terms and conditions including representations, warranties, and covenants. These debt covenants limit the ability of the Company to, among other things, incur debt for borrowed money secured by certain liens, engage in certain sale and leaseback transactions, and require maintenance of certain consolidated leverage ratios. As of October 30, 2022, the Company was in compliance with all covenants and expects to maintain compliance in the future.

Cash Held by International Subsidiaries
As of October 30, 2022, the Company had $170 million of cash and cash equivalents held by international subsidiaries. The Company maintains all undistributed earnings as permanently reinvested. The Company evaluates the balance and uses of cash held internationally based on the needs of the business.

Share Repurchases
The Company is authorized to repurchase 3,987,494 shares of stock as part of an existing plan approved by the Company's Board of Directors. During fiscal year 2022, the Company did not repurchase any shares of stock. The Company continues to evaluate share repurchases as part of its capital allocation strategy.

Commitments
The following table shows a schedule of the Company's material cash commitments as of October 30, 2022:

	Payments Due by Periods				
In millions	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Purchase Commitments[1]	$ 3,434	$ 1,321	$ 1,428	$ 540	$ 145
Debt Repayments[2]	3,300	—	950	—	2,350
Interest Payments on Long-term Debt[2]	764	55	104	98	506
Pension & Other Post-retirement Benefit Payments[3]	1,118	102	211	223	582
Lease Obligations[4]	135	33	52	25	25
Other Commitments[5]	75	32	34	9	—

(1) The Company commits to purchase quantities of livestock, grain, and other raw materials to ensure a steady supply of production inputs. The Company uses hedging programs to manage price risk associated with a portion of the future grain and hog commitments. The purchase commitments listed above do not reflect the impact of the hedging instruments that manage the risk of fluctuating commodity markets. See Note F - Derivatives and Hedging and Note J - Commitments and Contingencies for additional information.

(2) As of October 30, 2022, the Company's outstanding debt included unsecured senior notes due in fiscal 2024, 2028, 2030, and 2051. The Company is required by certain covenants in its debt agreements to maintain specified levels of financial ratios and financial position. See Note L - Long-term Debt and Other Borrowing Arrangements for additional information.

(3) Represents pension and other post-retirement benefit payments related to the Company's unfunded defined benefit plans. Benefit payments reflect expectations for the next ten years as estimates are not readily available beyond that point. See Note G - Pension and Other Post-retirement Benefits for additional information.

(4) See Note K - Leases for additional detail.

(5) Includes obligations related to infrastructure improvements supporting various manufacturing facilities.

Off Balance Sheet Arrangements
As of October 30, 2022, the Company had $49.4 million of standby letters of credit issued on its behalf. The standby letters of credit are primarily related to the Company’s self-insured workers compensation programs. This amount includes revocable standby letters of credit totaling $3.1 million for obligations of an affiliated party that may arise under workers compensation claims. Letters of credit are not reflected in the Company’s Consolidated Statements of Financial Position.

CRITICAL ACCOUNTING ESTIMATES

Management's discussion and analysis of financial condition and results of operations is based upon the Company's consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires the Company to make estimates, judgments, and assumptions that can have a meaningful effect on the reporting of consolidated financial statements. See Note A - Summary of Significant Accounting Policies for additional information.

Critical accounting estimates are defined as those reflective of significant judgments, estimates and uncertainties, which may result in materially different results under different assumptions and conditions. The Company believes the following are its critical accounting estimates:

Revenue Recognition

Description: The Company recognizes sales at the point in time when the performance obligation has been satisfied and control of the product has transferred to the customer. Obligations for the Company are usually fulfilled once shipped product is received or picked up by the customer. Revenue is recorded net of applicable provisions for discounts, returns, and allowances.

Judgments and Uncertainties: The Company offers various sales incentives to customers and consumers. Incentives offered off-invoice include prompt pay allowances, will call allowances, spoilage allowances, and temporary price reductions. These incentives are recognized as reductions of revenue at the time control is transferred. Coupons are used as an incentive for consumers to purchase various products. The coupons reduce revenue at the time they are offered, based on estimated redemption rates. Promotional contracts are performed by customers to promote the Company’s products to consumers. These incentives reduce revenue at the time of performance through direct payments and accrued promotional funds. Accrued promotional funds are unpaid liabilities for promotional contracts in process or completed at the end of a quarter or fiscal year. Accruals with customers are based on defined performance.

Sensitivity of Estimate to Change: The liability relating to these agreements is based on a review of the outstanding contracts on which performance has taken place but which the promotional payments relating to such contracts remain unpaid as of the end of the fiscal year. The level of customer performance and the historical spend rate versus contracted rates are estimates used to determine these liabilities.

Income Taxes

Description: The Company records income taxes in accordance with the liability method of accounting. Deferred taxes are recognized for the estimated taxes ultimately payable or recoverable based on enacted tax law. Changes in enacted tax rates are reflected in the tax provision as they occur.

Judgments and Uncertainties: The Company computes its provision for income taxes based on the statutory tax rates and tax planning opportunities available to it in the various jurisdictions in which it operates. Judgment is required in evaluating the Company’s tax positions and determining its annual tax provision.

Sensitivity of Estimate to Change: While the Company considers all of its tax positions fully supportable, the Company is occasionally challenged by various tax authorities regarding the amount of taxes due. The Company recognizes a tax position in its financial statements when it is more likely than not the position will be sustained upon examination, based on its technical merits. The position is then measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. A change in judgment related to the expected ultimate resolution of uncertain tax positions will be recognized in earnings in the quarter of such change. As of October 30, 2022, the Company had $21.8 million of unrecognized tax benefits, including estimated interest and penalties, recorded in Other Long-term Liabilities.

Business Combinations

Description: The Company accounts for business combinations using the acquisition method of accounting. The Company allocates the purchase price of an acquired business to the assets acquired and liabilities assumed based upon their estimated fair values at the acquisition date with the excess recorded as Goodwill.

Judgments and Uncertainties: The acquisition method of accounting requires the Company to make significant estimates and assumptions regarding the fair value of the acquired assets. Fair value of the assets and liabilities acquired is determined through established valuation techniques, such as the income, cost or market approach. The Company may utilize third-party valuation experts to assist in the fair value determination. The fair value measurements of identifiable intangibles are based on available historical information and expectations and assumptions about the future. Significant assumptions used to value identifiable intangible assets may include projected revenue growth, estimated cash flows, discount rates, royalty rates, and other factors.

Determining the useful life of an intangible asset also requires judgment. Certain acquired brands are expected to have indefinite lives based on their history and the Company's intent to continue to support and build the brands. Other acquired assets, such as customer relationships, are expected to have determinable useful lives.

Sensitivity of Estimate to Change: The Company did not have any business combinations in fiscal 2022. On June 7, 2021, the Company acquired the *Planters®* snack nuts business for $3.4 billion and used a third-party valuation specialist to perform the valuation of the assets acquired. Refer to Note B - Acquisitions and Divestitures for additional information. The Company acquired tradenames which were determined to have a fair value of $712.0 million. Key assumptions used to calculate the fair value of the tradenames using a relief from royalty model included revenue projections, royalty rates, and discount rates. The Company also identified customer relationships which were assigned a fair value of $51.0 million using the distributor method under the income approach. Assumptions in valuing this asset included future earnings projections, customer attrition rate, and discount rate, among others. The Company believes the estimates applied are based on reasonable assumptions, but which are inherently uncertain. As a result, actual results may differ from the assumptions and judgments used to determine fair value of the assets acquired, which could result in material impairment losses in the future.

Goodwill and Other Indefinite-Lived Intangibles

Description: Other indefinite-lived intangible assets primarily include tradenames obtained through business acquisitions which are originally recorded at their estimated fair values at the date of acquisition. Goodwill is the residual after allocating the purchase price to net assets acquired and is allocated across the Company's reporting units: Grocery Products, Refrigerated Foods, Jennie-O Turkey Store, and International. Goodwill and indefinite-lived intangible assets are not amortized but tested annually for impairment, or more frequently if impairment indicators arise. If the carrying value of these assets exceeds the estimated fair value, the asset is considered impaired which requires a reduction to earnings. See Note A - Summary of Significant Accounting Policies for additional details regarding the Company's procedures.

Judgments and Uncertainties: Determining whether impairment indicators exist and estimating the fair value of the Company's goodwill reporting units and intangible assets for impairment testing requires significant judgment. Indefinite-lived tradenames are evaluated for impairment using an income approach utilizing the relief from royalty method. Significant assumptions include royalty rate, annual projected revenue, discount rate, and estimated long term growth rate. Estimating the fair value of goodwill reporting units using the discounted cash flow model requires management to make assumptions and projections of future cash flows, revenues, earnings, discount rates, long term growth rates, and other factors.

Sensitivity of Estimate to Change: The assumptions used to assess impairment consider historical trends, macroeconomic conditions, and projections consistent with the Company's operating strategy. Changes in these estimates can have a significant impact on the assessment of fair value which could result in material impairment losses.

During the fourth quarter of fiscal 2022, the Company performed a qualitative assessment of goodwill. No goodwill impairment charges were recorded as a result of the testing. The Company last completed quantitative testing in fiscal 2021 and the estimated fair value of each goodwill reporting unit exceeded the calculated carrying value by more than 50 percent. Based on the 2021 testing, a 10 percent decline in projected cash flows or 10 percent increase in the discount rate would not result in an impairment.

The Company also performed qualitative impairment testing for indefinite-lived intangible assets in the fourth quarter of fiscal 2022. No impairment charges were recorded as a result of the testing. The Company last completed quantitative testing in fiscal 2021 and the estimated fair value of each indefinite-lived intangible asset exceeded the carrying value by more than 10 percent. Based on the fiscal 2021 testing, a 10 percent decline in forecasted revenue or 10 percent increase in the discount rate would not result in a material impairment.

Pension and Other Post-Retirement Benefits

Description: The Company sponsors several defined benefit pension and post-retirement health care benefit plans and recognizes the associated expenses, assets, and liabilities.

Judgments and Uncertainties: In accounting for these employment costs and the associated benefit obligations, management must make a variety of assumptions and estimates including mortality rates, discount rates, compensation increases, expected return on plan assets, health care cost trend rates, and interest crediting rates. The Company considers historical data as well as current facts and circumstances when determining these estimates. Expected long-term rate of return on plan assets is based on fair value, composition of the asset portfolio, historical long-term rates of return, and estimates of future performance. Mortality and discount rates used are based on actuarial tables elected at each fiscal year-end. The Company uses third-party specialists to assist in the determination of these estimates and the calculation of certain employee benefit expenses and the outstanding obligation.

Benefit plan assets are stated at fair value. Due to the lack of readily available market prices, private equity investments are valued by models using a combination of available market data and unobservable inputs that consider earnings multiples, discounted cash flows, and other qualitative and quantitative factors. Other benefit plan investments are measured at Net Asset Value (NAV) per share of the fund's underlying investments as a practical expedient.

Sensitivity of Estimate to Change: The assumed discount rate, expected long-term rate of return on plan assets, rate of future compensation increase, interest crediting rate, and the health care cost trend rate have a significant impact on the amounts reported for the benefit plans. For the year ended October 30, 2022, the Company had $1,200.0 million and $212.0 million in pension benefit obligation and post-retirement benefit obligation, respectively. For fiscal 2023, the Company expects pension benefit costs of $37.4 million and post-retirement benefit costs of $12.2 million. A one-percentage-point change in these rates would have the following effects:

	1-Percentage-Point			
	Benefit Cost		Benefit Obligation	
In millions	Increase	Decrease	Increase	Decrease
Pension Benefits				
Discount Rate	$ (11.1)	$ 13.2	$ (118.0)	$ 142.6
Expected Long-term Rate of Return on Plan Assets	(12.0)	12.0	—	—
Rate of Future Compensation Increase	1.3	(1.2)	0.2	(0.2)
Interest Crediting Rate	3.3	(2.8)	8.7	(7.5)
Post-retirement Benefits				
Discount Rate	$ —	$ (1.1)	$ (14.9)	$ 17.3
Health Care Cost Trend Rate	0.8	(0.7)	17.0	(14.9)

As of October 30, 2022, the Company had $88.2 million and $666.1 million of private equity and NAV investments, respectively. These valuations are subject to judgments and assumptions of the funds which may prove to be incorrect, resulting in risks of incorrect valuation of these investments. The Company seeks to mitigate these risks by evaluating the appropriateness of the funds' judgments and assumptions by reviewing the financial data included in the funds' financial statements. The Company also holds quarterly meetings with the investment adviser to review fund performance, which include comparisons to the relevant indices. On an annual basis, the Company performs pricing tests on certain underlying investments to gain additional assurance of the reliability of values received from the fund manager.

See Note G - Pension and Other Post-retirement Benefits for additional information.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to various forms of market risk as a part of its ongoing business practices. The Company utilizes derivative instruments to mitigate earnings fluctuations due to market volatility.

Commodity Price Risk: The Company is subject to commodity price risk primarily through grain and live hog markets. To reduce these exposures and offset the fluctuations caused by changes in market conditions, the Company employs hedging programs. These programs utilize futures, swaps, and options and are accounted for as cash flow hedges. The fair value of the Company's cash flow commodity contracts as of October 30, 2022, was $21.6 million compared to $25.2 million as of October 31, 2021. The Company measures its market risk exposure on its cash flow commodity contracts using a sensitivity analysis, which considers a hypothetical 10 percent change in the market prices. A 10 percent decrease in the market price would have negatively impacted the fair value of the Company's cash flow commodity contracts as of October 30, 2022, by $31.7 million, which in turn would lower the Company's future cost on purchased commodities by a similar amount.

Interest Rate Risk: The Company is subject to interest rate risk primarily from changes in fair value of long-term fixed rate debt. As of October 30, 2022, the Company's long-term debt had a fair value of $2.7 billion compared to $3.3 billion as of October 31, 2021. The Company measures its market risk exposure of long-term fixed rate debt using a sensitivity analysis, which considers a 10 percent change in interest rates. A 10 percent decrease in interest rates would have positively impacted the fair value of the Company's long-term debt as of October 30, 2022, by $90.2 million. A 10 percent increase would have negatively impacted the long-term debt by $84.1 million.

Foreign Currency Exchange Rate Risk: The fair values of certain Company assets are subject to fluctuations in foreign currency exchange rates. The Company's net asset position in foreign currencies as of October 30, 2022, was $652.4 million, compared to $657.2 million as of October 31, 2021, with most of the exposure existing in Chinese yuan and Brazilian real. The Company currently does not use market risk sensitive instruments to manage this risk.

Investment Risk: The Company has corporate-owned life insurance policies classified as trading securities as part of a rabbi trust to fund certain supplemental executive retirement plans and deferred income plans. As of October 30, 2022, the balance of these securities totaled $186.2 million compared to $203.0 million as of October 31, 2021. The rabbi trust is invested primarily in fixed income funds. The Company is subject to market risk due to fluctuations in the value of the remaining investments as unrealized gains and losses associated with these securities are included in the Company's net earnings on a mark-to-market basis. A 10 percent decline in the value of the investments not held in fixed income funds would have negatively impacted the Company's pretax earnings by approximately $7.6 million, while a 10 percent increase in value would have a positive impact of the same amount.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Management

Management's Responsibility for Financial Statements

The accompanying financial statements were prepared by the management of Hormel Foods Corporation which is responsible for their integrity and objectivity. These statements have been prepared in accordance with U.S. generally accepted accounting principles appropriate in the circumstances and, as such, include amounts that are based on our best estimates and judgments.

Hormel Foods Corporation has developed a system of internal controls designed to assure that the records reflect the transactions of the Company and that the established policies and procedures are adhered to. This system is augmented by well-communicated written policies and procedures, a strong program of internal audit and well-qualified personnel.

These financial statements have been audited by Ernst & Young LLP, an independent registered public accounting firm, and their report is included herein. The audit was conducted in accordance with the standards of the U.S. Public Company Accounting Oversight Board and includes a review of the Company's accounting and financial controls and tests of transactions.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets periodically with the independent auditors, management, and the internal auditors to assure that each is carrying out its responsibilities. Both Ernst & Young LLP and our internal auditors have full and free access to the Audit Committee, with or without the presence of management, to discuss the results of their audit work and their opinions on the adequacy of internal controls and the quality of financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management of Hormel Foods Corporation is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a–15(f). The Company's internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting standards. Under the supervision, and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Based on our evaluation under the framework in *Internal Control - Integrated Framework*, we concluded that our internal control over financial reporting was effective as of October 30, 2022. Our internal control over financial reporting as of October 30, 2022, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

/s/ James P. Snee
Chairman of the Board,
President and Chief Executive Officer

/s/ Jacinth C. Smiley
Executive Vice President
and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Hormel Foods Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Hormel Foods Corporation's internal control over financial reporting as of October 30, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Hormel Foods Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of October 30, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the accompanying consolidated statements of financial position of the Company as of October 30, 2022 and October 31, 2021, the related consolidated statements of operations, comprehensive income, changes in shareholders' investment, and cash flows for each of the three years in the period ended October 30, 2022 and the related notes and financial statement schedule listed in the index at Item 15 and our report dated December 6, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Minneapolis, Minnesota

December 6, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Hormel Foods Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Hormel Foods Corporation (the Company) as of October 30, 2022 and October 31, 2021, the related consolidated statements of operations, comprehensive income, changes in shareholders' investment, and cash flows for each of the three years in the period ended October 30, 2022 and the related notes and the financial statement schedule listed in the index at Item 15 (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at October 30, 2022 and October 31, 2021, and the results of its operations and its cash flows for each of the three years in the period ended October 30, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of October 30, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated December 6, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

	Valuation of Alternative Investments - Pension Assets
Description of the Matter	At October 30, 2022, the Company had $1.2 billion in plan assets related to the defined benefit pension plans. Approximately 61% of the total pension assets are in private equity funds, real estate – domestic funds, global stocks – collective investment funds, hedge funds, fixed income – hedge funds, and fixed income – collective investment funds. These types of investments are referred to as "alternative investments." As documented in Note G of the financial statements, these alternative investments are valued at net asset value (NAV) or are valued using significant unobservable inputs. Auditing the fair value of these alternative investments is challenging because of the higher estimation uncertainty of the inputs to the fair value calculations, including the underlying NAVs, discounted cash flow valuations, comparable market valuations, and adjustments for currency, credit liquidity and other risks. Additionally, certain information regarding the fair value of these alternative investments is based on unaudited information available to management at the time of valuation.

Valuation of Alternative Investments - Pension Assets

How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls addressing the risk of material misstatement relating to valuation of alternative investments. This included testing management's review controls over the valuation of alternative investments, for example, a review of fund performance in comparison to the selected benchmark and meetings with the investment advisor on a quarterly basis to review market performance and fund returns in comparison with relevant indices and the investment policy. We also tested management’s independent price testing of underlying investments performed for certain investments on a quarterly basis. Our audit procedures included, among others, inquiring of management and the investment advisor regarding changes to the investment portfolio and investment strategies. We confirmed the fair value of the investments and ownership interest directly with the fund managers. We inspected the trust statement for observable transactions near year end to compare to the estimated fair value. We also obtained the latest audited financial statements for certain investments, performed a rollforward of the investment balance to compute an estimated market return on investment, and compared the market return to relevant benchmarks.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1931.

Minneapolis, Minnesota

December 6, 2022

Consolidated Statements of Operations

In thousands, except per share amounts	Fiscal Year Ended **October 30, 2022**	October 31, 2021	October 25, 2020
Net Sales	**$ 12,458,806**	$ 11,386,189	$ 9,608,462
Cost of Products Sold	**10,294,120**	9,458,283	7,782,498
Gross Profit	**2,164,686**	1,927,906	1,825,963
Selling, General, and Administrative	**879,265**	853,071	761,315
Equity in Earnings of Affiliates	**27,185**	47,763	35,572
Operating Income	**1,312,607**	1,122,599	1,100,220
Interest and Investment Income	**28,012**	46,878	35,596
Interest Expense	**62,515**	43,307	21,069
Earnings Before Income Taxes	**1,278,103**	1,126,170	1,114,747
Provision for Income Taxes	**277,877**	217,029	206,393
Net Earnings	**1,000,226**	909,140	908,354
Less: Net Earnings Attributable to Noncontrolling Interest	**239**	301	272
Net Earnings Attributable to Hormel Foods Corporation	**$ 999,987**	$ 908,839	$ 908,082
Net Earnings Per Share:			
Basic	**$ 1.84**	$ 1.68	$ 1.69
Diluted	**$ 1.82**	$ 1.66	$ 1.66
Weighted-average Shares Outstanding:			
Basic	**544,918**	541,114	538,007
Diluted	**549,566**	547,580	546,592

See Notes to Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

In thousands	Fiscal Year Ended **October 30, 2022**	October 31, 2021	October 25, 2020
Net Earnings	**$ 1,000,226**	$ 909,140	$ 908,354
Other Comprehensive Income (Loss), Net of Tax:			
Foreign Currency Translation	**(39,393)**	13,379	(10,812)
Pension and Other Benefits	**65,587**	71,967	15,698
Deferred Hedging	**(5,267)**	33,034	(284)
Total Other Comprehensive Income (Loss)	**20,927**	118,380	4,602
Comprehensive Income	**1,021,153**	1,027,520	912,956
Less: Comprehensive Income (Loss) Attributable to Noncontrolling Interest	**(542)**	700	624
Comprehensive Income Attributable to Hormel Foods Corporation	**$ 1,021,695**	$ 1,026,820	$ 912,332

See Notes to Consolidated Financial Statements

Consolidated Statements of Financial Position

In thousands, except share and per share amounts	**October 30, 2022**	October 31, 2021
Assets		
Cash and Cash Equivalents	**$ 982,107**	$ 613,530
Short-term Marketable Securities	**16,149**	21,162
Accounts Receivable (Net of Allowance for Doubtful Accounts of $3,507 at October 30, 2022, and $4,033 at October 31, 2021)	**867,593**	895,719
Inventories	**1,716,059**	1,369,198
Taxes Receivable	**7,177**	8,293
Prepaid Expenses and Other Current Assets	**48,041**	39,914
Total Current Assets	**3,637,125**	2,947,816
Goodwill	**4,925,829**	4,929,102
Other Intangibles	**1,803,027**	1,822,273
Pension Assets	**245,566**	289,096
Investments In and Receivables from Affiliates	**271,058**	299,019
Other Assets	**283,169**	299,907
Property, Plant, and Equipment		
Land	**74,303**	72,133
Buildings	**1,398,255**	1,332,881
Equipment	**2,636,660**	2,415,063
Construction in Progress	**216,246**	316,455
Less: Allowance for Depreciation	**(2,184,319)**	(2,027,414)
Net Property, Plant, and Equipment	**2,141,146**	2,109,117
Total Assets	**$ 13,306,919**	$ 12,696,329
Liabilities and Shareholders' Investment		
Accounts Payable	**$ 816,604**	$ 793,310
Accrued Expenses	**58,801**	51,192
Accrued Marketing Expenses	**113,105**	114,746
Employee Related Expenses	**279,072**	269,327
Interest and Dividends Payable	**163,963**	154,803
Taxes Payable	**32,925**	23,520
Current Maturities of Long-term Debt	**8,796**	8,756
Total Current Liabilities	**1,473,266**	1,415,654
Long-term Debt Less Current Maturities	**3,290,549**	3,315,147
Pension and Post-retirement Benefits	**385,832**	546,362
Deferred Income Taxes	**475,212**	278,183
Other Long-term Liabilities	**141,840**	162,623
Shareholders' Investment		
Preferred Stock, Par Value $0.01 a Share — Authorized 160,000,000 Shares; Issued — None	**—**	—
Common Stock, Nonvoting, Par Value $0.01 a Share — Authorized 400,000,000 Shares; Issued — None	**—**	—
Common Stock, Par Value $0.01465 a Share — Authorized 1,600,000,000 Shares; Issued 546,237,051 Shares October 30, 2022 Issued 542,412,403 Shares October 31, 2021	**8,002**	7,946
Additional Paid-in Capital	**469,468**	360,336
Accumulated Other Comprehensive Loss	**(255,561)**	(277,269)
Retained Earnings	**7,313,374**	6,881,870
Hormel Foods Corporation Shareholders' Investment	**7,535,284**	6,972,883
Noncontrolling Interest	**4,936**	5,478
Total Shareholders' Investment	**7,540,219**	6,978,360
Total Liabilities and Shareholders' Investment	**$ 13,306,919**	$ 12,696,329

See Notes to Consolidated Financial Statements

Consolidated Statements of Changes in Shareholders' Investment

	Hormel Foods Corporation Shareholders								
In thousands, except per share amounts	Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Shareholders' Investment
	Shares	Amount	Shares	Amount					
Balance at October 27, 2019	534,489	$ 7,830	—	$ —	$ 184,921	$ 6,128,207	$ (399,500)	$ 4,077	$ 5,925,535
Net Earnings						908,082		272	908,354
Other Comprehensive Income (Loss)							4,250	352	4,602
Contribution from Non-controlling Interest								77	77
Purchases of Common Stock			(302)	(12,360)					(12,360)
Stock-based Compensation Expense					22,458				22,458
Exercise of Stock Options/ Restricted Shares	5,700	83			82,324				82,407
Shares Retired	(302)	(4)	302	12,360	(149)	(12,207)			—
Declared Dividends — $0.93 per Share						(500,747)			(500,747)
Balance at October 25, 2020	539,887	$ 7,909	—	$ —	$ 289,554	$ 6,523,335	$ (395,250)	$ 4,778	$ 6,430,326
Net Earnings						908,839		301	909,140
Other Comprehensive Income (Loss)							117,981	399	118,380
Purchases of Common Stock			(469)	(19,958)					(19,958)
Stock-based Compensation Expense	38	1			24,743				24,744
Exercise of Stock Options/ Restricted Shares	2,956	43			46,326				46,369
Shares Retired	(469)	(7)	469	19,958	(287)	(19,664)			—
Declared Dividends — $0.98 per Share						(530,640)			(530,640)
Balance at October 31, 2021	542,412	$ 7,946	—	$ —	$ 360,336	$ 6,881,870	$ (277,269)	$ 5,478	$ 6,978,360
Net Earnings						**999,987**		**239**	**1,000,226**
Other Comprehensive Income (Loss)							**21,708**	**(782)**	**20,927**
Stock-based Compensation Expense	**37**	**1**			**27,786**				**27,786**
Exercise of Stock Options/ Restricted Shares	**3,787**	**55**			**79,871**				**79,927**
Declared Dividends — $1.04 per Share					**1,475**	**(568,482)**			**(567,007)**
Balance at October 30, 2022	**546,237**	**$ 8,002**	**—**	**$ —**	**$ 469,468**	**$ 7,313,374**	**$ (255,561)**	**$ 4,936**	**$ 7,540,219**

See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows

In thousands	Fiscal Year Ended October 30, 2022	October 31, 2021	October 25, 2020
Operating Activities			
Net Earnings	**$ 1,000,226**	$ 909,140	$ 908,354
Adjustments to Reconcile to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	**213,026**	183,772	165,716
Amortization	**49,727**	44,634	40,065
Equity in Earnings of Affiliates	**(27,185)**	(47,763)	(35,572)
Distributions Received from Equity Method Investees	**43,039**	44,999	37,499
Provision for Deferred Income Taxes	**177,000**	28,677	32,039
Loss (Gain) on Property/Equipment Sales and Plant Facilities	**6,695**	3,731	1,793
Non-cash Investment Activities	**19,298**	(24,215)	(15,315)
Stock-based Compensation Expense	**24,943**	24,744	22,458
Changes in Operating Assets and Liabilities, Net of Acquisitions:			
Decrease (Increase) in Accounts Receivable	**28,365**	(191,627)	(119,516)
Decrease (Increase) in Inventories	**(351,663)**	(145,176)	(1,839)
Decrease (Increase) in Prepaid Expenses and Other Current Assets	**(15,460)**	34,555	5,860
Increase (Decrease) in Pension and Post-retirement Benefits	**(29,392)**	(15,448)	(10,509)
Increase (Decrease) in Accounts Payable and Accrued Expenses	**(14,511)**	115,099	111,277
Increase (Decrease) in Net Income Taxes Payable	**10,869**	36,811	(14,286)
Net Cash Provided by (Used in) Operating Activities	**$ 1,134,977**	$ 1,001,934	$ 1,128,024
Investing Activities			
Net (Purchase) Sale of Securities	**$ 2,493**	$ (4,364)	$ (2,589)
Acquisitions of Businesses and Intangibles	**—**	(3,396,246)	(270,789)
Purchases of Property and Equipment	**(278,918)**	(232,416)	(367,501)
Proceeds from Sales of Property and Equipment	**1,224**	2,216	1,916
Decrease (Increase) in Investments, Equity in Affiliates, and Other	**2,404**	(343)	(21,124)
Proceeds from Company-owned Life Insurance	**14,761**	5,315	3,772
Net Cash Provided by (Used in) Investing Activities	**$ (258,037)**	$ (3,625,839)	$ (656,316)
Financing Activities			
Proceeds from Long-term Debt	**$ —**	$ 2,276,292	$ 992,381
Repayments of Long-term Debt and Finance Leases	**(8,673)**	(258,617)	(8,368)
Dividends Paid on Common Stock	**(557,839)**	(523,114)	(487,376)
Share Repurchase	**—**	(19,958)	(12,360)
Proceeds from Exercise of Stock Options	**79,827**	45,919	81,818
Proceeds from Noncontrolling Interest	**—**	—	77
Net Cash Provided by (Used in) Financing Activities	**$ (486,684)**	$ 1,520,520	$ 566,172
Effect of Exchange Rate Changes on Cash	**(21,679)**	2,606	3,526
Increase (Decrease) in Cash and Cash Equivalents	**368,577**	(1,100,778)	1,041,407
Cash and Cash Equivalents at Beginning of Year	**613,530**	1,714,309	672,901
Cash and Cash Equivalents at End of Year	**$ 982,107**	$ 613,530	$ 1,714,309

See Notes to Consolidated Financial Statements

Note A

Summary of Significant Accounting Policies

Principles of Consolidation: The consolidated financial statements include the accounts of Hormel Foods Corporation (the Company) and all of its majority-owned subsidiaries after elimination of intercompany accounts, transactions, and profits.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Rounding: Certain amounts in the Consolidated Financial Statements and associated notes may not foot due to rounding. All percentages have been calculated using unrounded amounts.

Fiscal Year: The Company's fiscal year ends on the last Sunday in October. Fiscal years 2022 and 2020 consisted of 52 weeks. Fiscal year 2021 consisted of 53 weeks. Fiscal year 2023 will consist of 52 weeks.

Cash and Cash Equivalents: The Company considers all investments with an original maturity of three months or less on their acquisition date to be cash equivalents. The Company's cash equivalents as of October 30, 2022, and October 31, 2021, consisted primarily of bank deposits, money market funds rated AAA, or other highly liquid investment accounts. The Net Asset Value (NAV) of the Company's money market funds is based on the market value of the securities in the portfolio.

Fair Value Measurements: Pursuant to the provisions of Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* (ASC 820), the Company measures certain assets and liabilities at fair value or discloses the fair value of certain assets and liabilities recorded at cost in the consolidated financial statements. Fair value is calculated 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). ASC 820 establishes a fair value hierarchy which requires assets and liabilities measured at fair value to be categorized into one of three levels based on the inputs used in the valuation. The Company classifies assets and liabilities in their entirety based on the lowest level of input significant to the fair value measurement. 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.

See additional discussion regarding the Company's fair value measurements in Note F - Derivatives and Hedging, Note G - Pension and Other Post-retirement Benefits, and Note I - Fair Value Measurements.

Compensation: The Company maintains a rabbi trust to fund certain supplemental executive retirement plans and deferred compensation plans. Under the plans, participants can defer certain types of compensation and elect to receive a return on the deferred amounts based on the changes in fair value of various investment options, primarily a variety of mutual funds. The Company has corporate-owned life insurance policies on certain participants in the deferred compensation plans. The cash surrender value of the policies is included in Other Assets on the Consolidated Statements of Financial Position. The securities held by the trust are classified as trading securities. Therefore, unrealized gains and losses associated with these investments are included in the Company's earnings. Securities held by the trust generated gains (losses) of $(16.8) million, $21.2 million, and $7.0 million for fiscal years 2022, 2021, and 2020, respectively.

Inventories: Inventories are stated at the lower of cost or net realizable value. Cost is determined principally under the average cost method. Adjustments to the Company's lower of cost or net realizable value inventory reserve are reflected in Cost of Products Sold in the Consolidated Statements of Operations.

Property, Plant, and Equipment: Property, Plant, and Equipment are stated at cost. The Company uses the straight-line method in computing depreciation. The annual provisions for depreciation have been computed principally using the following ranges of asset lives: buildings 20 to 40 years, and equipment 3 to 14 years.

Leases: The Company determines if an arrangement contains a lease at inception. Right-of-use assets and lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at the commencement date. Leases with an initial term of twelve months or less are not recorded on the Consolidated Statements of Financial Position. The Company combines lease and non-lease components together in determining the minimum lease payments for all leases.

The length of the lease term used in recording right-of-use assets and lease liabilities is based on the contractually required lease term adjusted for any options to renew, early terminate, or purchase the lease that are reasonably certain of being exercised. Most leases include one or more options to renew or terminate. The exercise of lease renewal and termination options is at the Company's discretion and generally is not reasonably certain at lease commencement. The Company's lease agreements typically do not contain material residual value guarantees. The Company has one lease with an immaterial residual value guarantee that is included in the minimum lease payments.

Certain lease agreements include rental payment increases over the lease term that can be fixed or variable. Fixed payment increases and variable payment increases based on an index or rate are included in the initial lease liability using the index or rate at commencement date. Variable payment increases not based on an index or rate are recognized as incurred.

If the rate implicit in the lease is not readily determinable, the Company used its periodic incremental borrowing rate, based on the information available at commencement date, to determine the present value of future lease payments. Leases and right-of-use assets that existed prior to the adoption of ASU 2016-02, Leases (Topic 842) were valued using the incremental borrowing rate on October 28, 2019.

Impairment of Long-Lived Assets and Definite-Lived Intangible Assets: Definite-lived intangible assets are amortized over their estimated useful lives. The Company reviews long-lived assets and definite-lived intangible assets for impairment annually, or more frequently when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If impairment indicators are present and the estimated future undiscounted cash flows are less than the carrying value of the assets and any related goodwill, the carrying value is reduced to the estimated fair value. The Company recorded no material impairment charges for long-lived or definite-lived assets in fiscal years 2022, 2021, or 2020.

Goodwill and Other Indefinite-Lived Intangibles: Indefinite-lived intangible assets are originally recorded at their estimated fair values at date of acquisition. Goodwill is the residual after allocating the purchase price to net assets acquired. Acquired goodwill and other indefinite-lived intangible assets are allocated to reporting units that will receive the related benefits. Goodwill and indefinite-lived intangible assets are tested annually for impairment during the fourth quarter following the annual planning process or more frequently if impairment indicators arise. See additional discussion regarding the Company's goodwill and intangible assets in Note C - Goodwill and Intangible Assets.

Goodwill

In conducting the annual impairment test for goodwill, the Company has the option to first assess qualitative factors to determine whether it is more likely than not (> 50 percent likelihood) the fair value of any reporting unit is less than its carrying amount. If the Company elects to perform a qualitative assessment and determines an impairment is more likely than not, the Company is required to perform a quantitative impairment test. Otherwise, no further analysis is required. Alternatively, the Company may elect to proceed directly to the quantitative impairment test.

In conducting a qualitative assessment, the Company analyzes actual and projected growth trends for net sales, gross margin and segment profit for each reporting unit, as well as historical performance versus plan and the results of prior quantitative tests. Additionally, the Company assesses factors that may impact the business's financial results such as macroeconomic conditions and the related impact, market-related exposures, plans to market for sale all or a portion of the business, competitive changes, new or discontinued product lines, and changes in key personnel.

If performed, the quantitative goodwill impairment test is performed at the reporting unit level. First, the fair value of each reporting unit is compared to its corresponding carrying value, including goodwill. The fair value of each reporting unit is estimated using discounted cash flow valuations (Level 3), which incorporate assumptions regarding future growth rates, terminal values and discount rates. The estimates and assumptions used consider historical performance and are consistent with the assumptions used in determining future profit plans for each reporting unit, which are approved by the Company's Board of Directors. If the quantitative assessment results in the carrying value exceeding the fair value of any reporting unit, the results from the quantitative analysis will be relied upon to determine both the existence and amount of goodwill impairment. An impairment loss will be recognized for the amount by which the reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill in that reporting unit.

During the fourth quarter of fiscal 2022, the Company completed its annual goodwill impairment tests and performed qualitative assessments. No impairment charges were recorded as a result of the qualitative assessments in fiscal years 2022 and 2020 and quantitative assessments in fiscal year 2021.

Indefinite-Lived Intangibles

In conducting the annual impairment test for its indefinite-lived intangible assets, the Company first performs a qualitative assessment to determine whether it is more likely than not (> 50 percent likelihood) an indefinite-lived intangible asset is impaired. If the Company concludes this is the case, a quantitative test for impairment must be performed. Otherwise, the Company does not need to perform a quantitative test.

In conducting the qualitative assessment, the Company analyzes growth rates for historical and projected net sales and the results of prior quantitative tests. Additionally, each operating segment assesses items that may impact the value of their intangible assets or the applicable royalty rates to determine if impairment may be indicated.

If performed, the quantitative impairment test compares the fair value and carrying amount of the indefinite-lived intangible asset. The fair value of indefinite-lived intangible assets is primarily determined on the basis of estimated discounted value using the relief from royalty method (Level 3), which incorporates assumptions regarding future sales projections, discount rates and royalty rates. If the carrying amount exceeds fair value, the indefinite-lived intangible asset is considered impaired, and an impairment charge is recorded for the difference. Even if not required, the Company may elect to perform the quantitative test in order to gain further assurance in the qualitative assessment.

During the fourth quarter of fiscal 2022, the Company completed its annual indefinite-lived asset impairment tests by performing qualitative assessments. No impairment charges were recorded as a result of the qualitative assessments in fiscal years 2022 and 2020 and quantitative assessments in fiscal year 2021.

Pension and Other Post-retirement Benefits: The Company has elected to use the corridor approach to recognize expenses related to its defined benefit pension and other post-retirement benefit plans. Under the corridor approach, actuarial gains or losses resulting from experience and changes in assumptions are deferred and amortized over future periods. For the defined benefit pension plans, the unrecognized gains and losses are amortized when the net gain or loss exceeds 10 percent of the greater of the projected benefit obligation or the fair value of plan assets at the beginning of the year. For the other post-retirement plans, the unrecognized gains and losses are amortized when the net gain or loss exceeds 10 percent of the accumulated pension benefit obligation at the beginning of the year. For plans with primarily active participants, net gains or losses in excess of the corridor are amortized over the average remaining service period of participating employees expected to receive benefits under those plans. For plans with primarily inactive participants, net gains or losses in excess of the corridor are amortized over the average remaining life of the participants receiving benefits under those plans.

Contingent Liabilities: The Company may be subject to investigations, legal proceedings, or claims related to the ongoing operation of its business, including claims both by and against the Company. Such proceedings typically involve claims related to product liability, contract disputes, antitrust regulations, wage and hour laws, employment practices, or other actions brought by employees, consumers, competitors or suppliers. The Company establishes accruals for its potential exposure for claims when losses become probable and reasonably estimable. Where the Company is able to reasonably estimate a range of potential losses, the Company records the amount within that range which constitutes the Company's best estimate. The Company also discloses the nature of and range of loss for claims against the Company when losses are reasonably possible and material.

Foreign Currency Translation: Assets and liabilities denominated in foreign currency are translated at the current exchange rate as of the date of the Consolidated Statements of Financial Position. Amounts in the Consolidated Statements of Operations are translated at the average monthly exchange rate. Translation adjustments resulting from fluctuations in exchange rates are recorded as a component of Accumulated Other Comprehensive Loss within Shareholders' Investment.

When calculating foreign currency translation, the Company deemed its foreign investments to be permanent in nature and has not provided for taxes on currency translation adjustments arising from converting the investment in a foreign currency to U.S. dollars.

Derivatives and Hedging Activity: The Company uses derivative instruments to manage its exposure to commodity prices and interest rates. The derivative instruments are recorded at fair value on the Consolidated Statements of Financial Position. The cash flow impacts from the derivative instruments are primarily included in Operating Activities on the Consolidated Statements of Cash Flows. Additional information on hedging activities is presented in Note F - Derivatives and Hedging.

Equity Method Investments: The Company has a number of investments in joint ventures where its voting interests are in excess of 20 percent but not greater than 50 percent and for which there are no other indicators of control. The Company accounts for such investments under the equity method of accounting and its underlying share of each investee's equity, along with any related receivables from affiliates, is reported in the Consolidated Statements of Financial Position as part of Investments In and Receivables from Affiliates.

The Company regularly monitors and evaluates the fair value of its equity investments. If events and circumstances indicate that a decline in the fair value of these assets has occurred and is other than temporary, the Company will record a charge in Equity in Earnings of Affiliates in the Consolidated Statements of Operations. The Company did not record an impairment charge on any of its equity investments in fiscal years 2022, 2021, or 2020. See additional information pertaining to the Company's equity method investments in Note D - Investments In and Receivables From Affiliates.

Revenue Recognition: The Company's customer contracts predominantly contain a single performance obligation to fulfill customer orders for the purchase of specified products. Revenue from product sales is primarily identified by purchase orders ("contracts"), which in some cases are governed by a master sales agreement. The purchase orders in combination with the invoice typically specify quantity and product(s) ordered, shipping terms, and certain aspects of the transaction price including discounts. Contracts are at standalone pricing or governed by pricing lists or brackets. The Company's revenue is recognized at the point in time when performance obligations have been satisfied and control of the product has transferred to the customer. This is typically once the shipped product is received or picked up by the customer. Revenue is recognized at the net consideration the Company expects to receive in exchange for the goods. The amount of net consideration recognized includes estimates of variable consideration, including costs for trade promotion programs, consumer incentives, and allowances and discounts associated with distressed or potentially unsaleable products.

A majority of the Company's revenue is short-term in nature with shipments within one year from order date. The Company's payment terms generally range between 7 to 45 days and vary by sales channel and other factors. The Company accounts for shipping and handling costs as contract fulfillment costs and excludes taxes imposed on and collected from customers in revenue producing transactions from the transaction price. The Company does not have significant deferred revenue or unbilled receivable balances as a result of transactions with customers. Costs to obtain contracts with a duration of one year or less are expensed and included in the Consolidated Statements of Operations.

The Company promotes products through advertising, consumer incentives, and trade promotions. These programs include discounts, slotting fees, coupons, rebates, and in-store display incentives. Customer trade promotion and consumer incentive activities are recorded as a reduction to the sale price based on amounts estimated as variable consideration. The Company estimates variable consideration at the expected value method to determine the total consideration which the Company expects to be entitled. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The Company's estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of anticipated performance and all information (historical, current, and forecasted) that is reasonably available.

The Company discloses revenue by reportable segment, sales channel, and class of similar product in Note P - Segment Reporting.

Allowance for Doubtful Accounts: The Company estimates the Allowance for Doubtful Accounts based on a combination of factors, evaluations, and historical data while considering current and future economic conditions.

Advertising Expenses: Advertising costs are included in Selling, General, and Administrative and expensed when incurred. Advertising expenses include all media advertising but exclude the costs associated with samples, demonstrations, and market research. Advertising costs for fiscal years 2022, 2021, and 2020 were $157.3 million, $138.5 million, and $123.6 million, respectively.

Shipping and Handling Costs: The Company's shipping and handling expenses are included in Cost of Products Sold on the Consolidated Statements of Operations.

Research and Development Expenses: Research and development costs are expensed as incurred and are included in Selling, General, and Administrative expenses on the Consolidated Statements of Operations. Research and development expenses incurred for fiscal years 2022, 2021, and 2020 were $34.7 million, $33.6 million, and $31.9 million, respectively.

Income Taxes: The Company records income taxes in accordance with the liability method of accounting. Deferred taxes are recognized for the estimated taxes ultimately payable or recoverable based on enacted tax law. Changes in enacted tax rates are reflected in the tax provision as they occur.

In accordance with ASC 740, *Income Taxes*, the Company recognizes a tax position in its financial statements when it is more likely than not that the position will be sustained upon examination based on the technical merits of the position. That position is then measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement.

Stock-Based Compensation: The Company records stock-based compensation expense in accordance with ASC 718, *Compensation – Stock Compensation*. For options subject to graded vesting, the Company recognizes stock-based compensation expense ratably over the shorter of the vesting period or the individual's retirement eligibility date. The Company estimates forfeitures at the time of grant based on historical experience and revises in subsequent periods if actual forfeitures differ.

Share Repurchases: The Company may purchase shares of its common stock through open market and privately negotiated transactions at prices deemed appropriate by management. The timing and amount of repurchase transactions under the repurchase authorization depend on market conditions as well as corporate and regulatory considerations. For additional share repurchases information, see Part II, Item 5 - Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Supplemental Cash Flow Information: Non-cash investment activities presented on the Consolidated Statements of Cash Flows primarily consist of unrealized gains or losses on the Company's rabbi trust. The noted investments are included in Other Assets on the Consolidated Statements of Financial Position. Changes in the value of these investments are presented in the Consolidated Statements of Operations as Interest and Investment Income.

Reclassifications: Certain reclassifications of previously reported amounts have been made to conform to the current year presentation.

Accounting Changes and Recent Accounting Pronouncements

New Accounting Pronouncements Recently Adopted

Fiscal 2022

In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-12, *Income Taxes - Simplifying the Accounting for Income Taxes (Topic 740).* The updated guidance simplifies the accounting for income taxes by removing certain exceptions in Topic 740 and clarifying and amending existing guidance. The amendments are effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company adopted the provisions of this new accounting standard at the beginning of fiscal 2022 and adoption did not have a material impact on its consolidated financial statements.

Fiscal 2021

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326).* The update provides guidance on the measurement of credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The amendment replaces the current incurred loss impairment approach with a methodology to reflect expected credit losses and requires consideration of a broader range of reasonable and supportable information to explain credit loss estimates. The updated guidance is to be applied on a modified retrospective approach and is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company adopted the provisions of this new accounting standard at the beginning of fiscal 2021. The adoption did not have a material impact on the Company's consolidated financial statements, thus no cumulative-effect adjustment to retained earnings was necessary.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement - Disclosure Framework (Topic 820).* The updated guidance requires entities to disclose the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. Amendments in this guidance also require disclosure of transfers into and out of Level 3 of the fair value hierarchy, purchases and issues of Level 3 assets and liabilities, and clarify that the measurement uncertainty disclosure is as of the reporting date. The guidance removes requirements to disclose the amounts and reasons for transfers between Level 1 and Level 2, policy for timing between of transfers between levels, and the valuation processes for Level 3 fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company adopted the provisions of this new accounting standard at the beginning of fiscal 2021. Presentation and disclosure requirements were applied prospectively and retrospectively as required by the amendments. The adoption did not have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued ASU 2018-14, *Compensation - Retirement Benefits - Defined Benefit Plans (Topic 715).* The updated guidance requires additional disclosures of weighted-average interest crediting rates for cash balance plans and an explanation of the reasons for significant gains and losses related to changes in the benefit obligation. Amendments in the guidance also clarify the requirement to disclose the projected benefit obligation (PBO) and fair value of plan assets for plans with PBOs in excess of plan assets. The same disclosure is needed for the accumulated benefit obligation (ABO) and fair value of plan assets for plans with ABOs in excess of plan assets. The guidance removes certain previous disclosure requirements no longer considered cost beneficial. The amendments are effective for fiscal years ending after December 15, 2020, with early adoption permitted. The Company adopted the provisions of this new accounting standard at the beginning of fiscal 2021. Presentation and disclosure requirements were applied retrospectively to all periods presented. The adoption did not have a material impact on the Company's consolidated financial statements.

Fiscal 2020

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The updated guidance requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than twelve months. Recognition, measurement, and presentation of expenses will depend on the classification as a finance or operating lease. The update also requires expanded quantitative and qualitative disclosures. Accounting guidance for lessors is largely unchanged. The requirements of the new standard are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company adopted the provisions of this new accounting standard at the beginning of fiscal 2020. For transition purposes, the Company elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification, and initial direct costs. The Company elected the comparative periods practical expedient, and as a result, the Company did not adjust its comparative period financial information or make the new required lease disclosures for periods before the effective date. Upon adoption, the Company recognized right-of-use assets of $112.7 million and lease liabilities of $114.1 million in the Consolidated Statements of Financial Position as of October 28, 2019. The new standard did not have a material impact on the Consolidated Statements of Operations or the Consolidated Statements of Cash Flows.

Recently issued accounting standards or pronouncements not disclosed have been excluded as they are currently not relevant to the Company.

Note B

Acquisitions and Divestitures

Acquisitions: On June 7, 2021, the Company acquired the *Planters*® snack nuts business from The Kraft Heinz Company. The acquisition includes the *Planters*®, *NUT-rition*®, and *Corn Nuts*® brands. The final purchase price, including working capital adjustments, was $3.4 billion. The transaction was funded with the Company's cash on hand and from the issuance of long-term debt.

Planters® is an iconic snack brand and this acquisition significantly expands the Company's presence, and should broaden the scope for future acquisitions, in the growing snacking space. Operating results for this acquisition have been included in the Company's Consolidated Statements of Operations from the date of acquisition and are reflected in the Grocery Products, Refrigerated Foods, and International & Other segments. The acquisition contributed $1.0 billion and $410.8 million of net sales during fiscal 2022 and fiscal 2021, respectively. As the acquisition has been integrated within the Company's existing operations, post-acquisition net earnings are not discernible.

Acquisition-related costs were $30.3 million for the fiscal year ended October 31, 2021, which are reflected in the Consolidated Statements of Operations as Selling, General, and Administrative. Additional one-time adjustments related to the revaluation of acquired inventory of $12.9 million were recognized in the Consolidated Statements of Operations as Cost of Products Sold for the fiscal year ended October 31, 2021. The combined impact of these one-time acquisition costs and accounting adjustments was $43.2 million for the fiscal year ended October 31, 2021.

The acquisition was accounted for as a business combination using the acquisition method. The Company determined the acquisition date fair values of the assets acquired using independent appraisals. The Company completed purchase accounting allocations in the fourth quarter of fiscal 2021. Allocations of the purchase price to acquired assets, including goodwill and intangibles assets, are presented in the table below.

In thousands	Purchase Price Allocation
Inventory	$ 149,224
Property, Plant, and Equipment	170,958
Goodwill	2,313,064
Other Intangibles:	
Tradenames	712,000
Customer Relationships	51,000
Purchase Price	$ 3,396,246

Goodwill is calculated as the excess of the purchase price over the fair values of the identifiable net assets acquired and is deductible for tax purposes. The goodwill recorded as part of the acquisition primarily reflects the value of the potential to expand the Company's presence in the growing snacking space and serve as a platform for innovation.

The following unaudited pro forma financial information presents the combined results of operations as if the acquisition of the *Planters®* snack nuts business had occurred on October 27, 2019. These unaudited pro forma results do not necessarily reflect the actual results of operations that would have been achieved had the acquisition occurred on that date, nor are they necessarily indicative of future results of operations.

	Fiscal Year Ended	
In thousands	**October 31, 2021**	October 25, 2020
Pro Forma Net Sales	**$ 12,061,686**	$ 10,657,992
Pro Forma Net Earnings Attributable to Hormel Foods Corporation	**985,881**	934,783

The pro forma results include charges for depreciation and amortization of acquired assets and interest expense on debt issued to finance the acquisition, as well as the related income taxes. The pro forma results for the fiscal year ended October 25, 2020, also include nonrecurring adjustments relating to the recognition of transaction costs incurred and revaluation of inventory acquired, along with the related income tax effects, which in the aggregate reduce pro forma net earnings by $41.1 million. The pro forma results for the fiscal year ended October 31, 2021, include an adjustment to add back the transaction costs incurred and revaluation of inventory acquired in those periods, along with the related income tax effects, since those costs are reflected in the preceding fiscal year on a pro forma basis.

On March 2, 2020, the Company acquired the assets comprising the Sadler's Smokehouse business (Sadler's) for a final purchase price of $270.8 million. Sadler's is an authentic, pit-smoked meats business based in Henderson, Texas. This acquisition has strengthened the Company's foodservice position and provided an opportunity to further extend the Sadler's product line into the retail channel.

The transaction was funded with cash on hand and accounted for as a business combination using the acquisition method. The Company completed an allocation of the fair value of the assets acquired utilizing third-party valuation appraisals during fiscal 2020.

Operating results for this acquisition have been included in the Company's Consolidated Statements of Operations from the date of acquisition and are reflected in the Refrigerated Foods segment. Pro forma results are not material for inclusion.

See Note C - Goodwill and Intangible Assets for amounts assigned to goodwill and intangible assets.

Note C

Goodwill and Intangible Assets

Goodwill: The changes in the carrying amount of goodwill for the fiscal years ended October 30, 2022, and October 31, 2021, are:

In thousands	Grocery Products	Refrigerated Foods	Jennie-O Turkey Store	International & Other	Total
Balance at October 25, 2020	$ 632,301	$ 1,607,005	$ 176,628	$ 196,793	$ 2,612,727
Goodwill Acquired	1,766,053	487,416	—	59,595	2,313,064
Foreign Currency Translation	—	—	—	3,311	3,311
Balance at October 31, 2021	$ 2,398,354	$ 2,094,421	$ 176,628	$ 259,699	$ 4,929,102
Foreign Currency Translation	**—**	**—**	**—**	**(3,273)**	**(3,273)**
Balance at October 30, 2022	**$ 2,398,354**	**$ 2,094,421**	**$ 176,628**	**$ 256,427**	**$ 4,925,829**

The increase in goodwill during fiscal 2021 reflects the acquisition of the *Planters*® snack nuts business. See Note B - Acquisitions and Divestitures for additional information.

Intangible Assets: The carrying amounts for indefinite-lived intangible assets are:

In thousands	**October 30, 2022**	October 31, 2021
Brands/Tradenames/Trademarks	**$ 1,665,190**	$ 1,665,190
Other Intangibles	**184**	184
Foreign Currency Translation	**(6,599)**	(6,646)
Total	**$ 1,658,775**	$ 1,658,728

The gross carrying amount and accumulated amortization for definite-lived intangible assets are:

	October 30, 2022		October 31, 2021	
In thousands	**Gross Carrying Amount**	**Accumulated Amortization**	Gross Carrying Amount	Accumulated Amortization
Customer Lists/Relationships	**$ 168,239**	**$ (69,779)**	$ 168,239	$ (56,882)
Other Intangibles	**59,241**	**(11,606)**	60,241	(8,356)
Tradenames/Trademarks	**10,536**	**(7,828)**	10,536	(5,700)
Foreign Currency Translation	**—**	**(4,551)**	—	(4,534)
Total	**$ 238,016**	**$ (93,764)**	$ 239,016	$ (75,471)

Amortization expense for the last three fiscal years was:

In thousands	
2022	**$ 19,274**
2021	17,518
2020	14,251

Estimated annual amortization expense for the five fiscal years after October 30, 2022, is as follows:

In thousands	
2023	$ 18,320
2024	16,331
2025	14,628
2026	14,172
2027	13,940

During the fourth quarter of fiscal years 2022, 2021, and 2020, the Company completed the required annual impairment tests of indefinite-lived intangible assets and goodwill. No impairment was indicated. Useful lives of intangible assets were also reviewed during this process with no material changes identified.

Note D

Investments In and Receivables From Affiliates

Investments In and Receivables from Affiliates consists of:

In thousands	Segment	Percent Owned	**October 30, 2022**	October 31, 2021
MegaMex Foods, LLC	Grocery Products	50%	**$ 182,939**	$ 205,413
Other Joint Ventures	International & Other	Various (20 – 50%)	**88,119**	93,606
Total			**$ 271,058**	$ 299,019

Equity in Earnings of Affiliates consists of:

		Fiscal Year Ended		
In thousands	Segment	**October 30, 2022**	October 31, 2021	October 25, 2020
MegaMex Foods, LLC	Grocery Products	**$ 19,861**	$ 38,178	$ 31,919
Other Joint Ventures	International & Other	**7,324**	9,585	3,653
Total		**$ 27,185**	$ 47,763	$ 35,572

Dividends received from affiliates for the fiscal years ended October 30, 2022, October 31, 2021, and October 25, 2020, were $43.0 million, $45.0 million, and $37.5 million, respectively.

The Company recognized a basis difference of $21.3 million associated with the formation of MegaMex Foods, LLC, of which $10.2 million is remaining as of October 30, 2022. This difference is being amortized through Equity in Earnings of Affiliates.

Note E

Inventories

Principal components of inventories are:

In thousands	**October 30, 2022**	October 31, 2021
Finished Products	**$ 974,160**	$ 725,115
Raw Materials and Work-in-Process	**440,193**	395,403
Operating Supplies	**206,289**	163,416
Maintenance Materials and Parts	**95,417**	85,264
Total	**$ 1,716,059**	$ 1,369,198

Note F

Derivatives and Hedging

The Company uses hedging programs to manage risk associated with commodity purchases and interest rates. These programs utilize futures, swaps, and options contracts to manage the Company’s exposure to market fluctuations. The Company has determined its designated hedging programs to be highly effective in offsetting the changes in fair value or cash flows generated by the items hedged. Effectiveness testing is performed on a quarterly basis to ascertain a high level of effectiveness for cash flow and fair value hedging programs. If the requirements of hedge accounting are no longer met, hedge accounting is discontinued immediately and any future changes to fair value are recorded directly through earnings.

Cash Flow Commodity Hedges: The Company designates grain and lean hog futures, swaps, and options used to offset price fluctuations in the Company's future grain and hog purchases as cash flow hedges. Effective gains or losses related to these cash flow hedges are reported in Accumulated Other Comprehensive Loss (AOCL) and reclassified into earnings, through Cost of Products Sold, in the periods in which the hedged transactions affect earnings. The Company typically does not hedge its grain exposure beyond the next two upcoming fiscal years and its hog exposure beyond the next fiscal year.

Fair Value Commodity Hedges: The Company designates the futures it uses to minimize the price risk assumed when fixed forward priced contracts are offered to the Company's commodity suppliers as fair value hedges. The intent of the program is to make the forward priced commodities cost nearly the same as cash market purchases at the date of delivery. Changes in the fair value of the futures contracts, along with the gain or loss on the hedged purchase commitment, are marked-to-market through earnings and recorded on the Consolidated Statements of Financial Position as a Current Asset and Current Liability, respectively. Gains or losses related to these fair value hedges are recognized through Cost of Products Sold in the periods in which the hedged transactions affect earnings.

Cash Flow Interest Rate Hedges: In the second quarter of fiscal 2021, the Company designated two separate interest rate locks as cash flow hedges to manage interest rate risk associated with the anticipated debt transactions required to fund the acquisition of the *Planters®* snack nuts business. The total notional amount of the Company's locks was $1.25 billion. In the third quarter of fiscal 2021, the associated unsecured senior notes were issued with a tenor of seven and thirty years and both locks were lifted (See Note L - Long-term Debt and Other Borrowing Arrangements). Mark-to-market gains and losses on these instruments were deferred as a component of AOCL. The resulting gain in AOCL is reclassified to Interest Expense in the period in which the hedged transactions affect earnings.

Fair Value Interest Rate Hedge: In the first quarter of fiscal 2022, the Company entered into an interest rate swap to protect against changes in the fair value of a portion of previously issued senior unsecured notes attributable to the change in the benchmark interest rate. The hedge specifically designated the last $450 million of the notes due June 2024 (the "2024 Notes"). The Company terminated the swap in the fourth quarter of fiscal 2022. The loss related to the swap was recorded as a fair value hedging adjustment to the hedged debt and will be amortized into earnings over the remaining life of the debt.

Other Derivatives: The Company holds certain futures contract positions as part of a merchandising program and to manage the Company's exposure to fluctuations in commodity markets. The Company has not applied hedge accounting to these positions. Activity related to derivatives not designated as hedges is immaterial to the consolidated financial statements.

Volume: The Company's outstanding contracts related to its commodity hedging programs include:

	Volume	
Commodity Contracts	**October 30, 2022**	October 31, 2021
Corn	**34.3 million bushels**	33.1 million bushels
Lean Hogs	**177.5 million pounds**	120.0 million pounds

Fair Value of Derivatives: The fair values of the Company's derivative instruments designated as hedges are:

	Location on Consolidated	Gross Fair Value(1)	
In thousands	Statements of Financial Position	**October 30, 2022**	October 31, 2021
Commodity Contracts	Other Current Assets	**$ 13,504**	$ 21,798

(1) Amounts represent the gross fair value of commodity derivative assets and liabilities. The Company nets the derivative assets and liabilities for each of its commodity hedging programs, including cash collateral, when a master netting arrangement exists between the Company and the counterparty to the derivative contract. The amount or timing of cash collateral balances may impact the classification of the commodity derivative in the Consolidated Statements of Financial Position. The gross asset position as of October 30, 2022, is offset by the obligation to return cash collateral of $1.3 million contained within the master netting arrangement. The gross asset position as of October 31, 2021, is offset by the obligation to return cash collateral of $10.8 million. See Note I - Fair Value Measurements for a discussion of these net amounts as reported in the Consolidated Statements of Financial Position.

Fair Value Hedge - Assets (Liabilities): The carrying amount of the Company's fair value hedge assets (liabilities) are:

	Location on Consolidated	Carrying Amount of the Hedged Assets/(Liabilities)	
In thousands	Statements of Financial Position	**October 30, 2022**	October 31, 2021
Commodity Contracts	Accounts Payable(1)	**$ 5,725**	$ 3,432
Interest Rate Contracts	Long-term Debt - Less Current Maturities(2)	**(430,050)**	—

(1) Represents the carrying amount of fair value hedged assets and liabilities which are offset by other assets included in master netting arrangements described above.

(2) Represents the carrying amount of the hedged portion of the "2024 Notes". As of October 30, 2022, the carrying amount of the "2024 Notes" included a cumulative fair value hedging adjustment of $20.0 million from discontinued hedges.

Accumulated Other Comprehensive Loss Impact: As of October 30, 2022, the Company included in AOCL hedging gains (before tax) of $26.0 million on commodity contracts and $13.5 million related to interest rate settled positions. The Company expects to recognize the majority of the gains on commodity contracts over the next twelve months. Gains on interest rate contracts offset the hedged interest payments over the tenor of the associated debt instruments.

The effect of AOCL for gains or losses (before tax) related to the Company's derivative instruments are:

	Gain/(Loss) Recognized in AOCL(1)		Location on Consolidated Statements of Operations	Gain/(Loss) Reclassified from AOCL into Earnings(1)	
In thousands	Fiscal Year Ended			Fiscal Year Ended	
Cash Flow Hedges:	**October 30, 2022**	October 31, 2021		**October 30, 2022**	October 31, 2021
Commodity Contracts	**$ 56,371**	$ 59,143	Cost of Products Sold	**$ 57,592**	$ 31,044
Excluded Component(2)	**(4,748)**	1,078		**—**	—
Interest Rate Contracts	**—**	14,864	Interest Expense	**988**	399

(1) See Note H - Accumulated Other Comprehensive Loss for the after-tax impact of these gains or losses on Net Earnings.
(2) Represents the time value of corn options excluded from the assessment of effectiveness for which the difference between changes in fair value and periodic amortization is recorded in AOCL.

Consolidated Statements of Operations Impact: The effect on the Consolidated Statements of Operations for gains or losses (before tax) related to the Company's derivative instruments are:

	Consolidated Statement of Operations Impact		
	Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	October 25, 2020
Net Earnings Attributable to Hormel Foods Corporation	**$ 999,987**	$ 908,839	$ 908,082
Cash Flow Hedges - Commodity Contracts			
Gain (Loss) Reclassified from AOCL	**55,350**	31,787	(37,834)
Amortization of Excluded Component from Options	**(4,369)**	(3,033)	—
Gain (Loss) Due to Discontinuance of Cash Flow Hedges(1)	**2,242**	(743)	—
Fair Value Hedges - Commodity Contracts			
Gain (Loss) on Commodity Futures(2)	**(18,122)**	(28,078)	13,192
Total Gain (Loss) on Commodity Contracts(3)	**$ 35,101**	$ (67)	$ (24,642)
Cash Flow Hedges - Interest Rate Locks			
Amortization of Gain on Interest Rate Locks	**988**	399	—
Fair Value Hedge - Interest Rate Swap			
Gain (Loss) on Interest Rate Swap	**928**	—	—
Amortization of Loss Due to Discontinuance of Fair Value Hedge(4)	**(1,923)**	—	—
Total Gain (Loss) on Interest Rate Contracts(5)	**$ (7)**	$ 399	$ —
Total Gain (Loss) Recognized in Earnings	**$ 35,094**	$ 332	$ (24,642)

(1) In fiscal years ended 2022 and 2021, the Company discontinued hedge accounting related to corn usage deemed to no longer probable to occur resulting in the immediate recognition of gains of $2.2 million (1.0 million bushels) and losses of $0.7 million (2.8 million bushels), respectively.
(2) Represents gains or losses on commodity contracts designated as fair value hedges that were closed during the year, which were offset by a corresponding gain or loss on the underlying hedged purchase commitment. Additional gains or losses related to changes in the fair value of open commodity contracts, along with the offsetting gain or loss on the hedged purchase commitment, are also marked-to-market through earnings with no impact on a net basis.
(3) Total Gain (Loss) on Commodity Contracts is recognized in earnings through Cost of Products Sold.
(4) Represents the fair value hedging adjustment amortized into earnings.
(5) Total Loss on Interest Rate Contracts is recognized in earnings through Interest Expense.

Note G

Pension and Other Post-retirement Benefits

The Company has several defined benefit plans and defined contribution plans covering most employees. Benefits for defined benefit pension plans covering hourly employees are provided based on stated amounts for each year of service, while plan benefits covering salaried employees are based on final average compensation, age and years of service. In the fourth quarter of fiscal 2022, an amendment was enacted for the salaried pension plan which changed the design from a stable value benefit to a cash balance benefit effective January 1, 2023. The cash balance design establishes hypothetical accounts for employees that are credited with an amount equal to a specified percentage of their pay plus interest. Total costs associated with the Company's defined contribution benefit plans in fiscal years 2022, 2021, and 2020 were $47.9 million, $46.7 million, and $44.5 million, respectively.

Certain groups of employees are eligible for post-retirement health or welfare benefits. Benefits for retired employees vary for each group depending on respective retirement dates and applicable plan coverage in effect. Contribution requirements for retired employees are governed by the Retiree Health Care Payment Program and may change each year as the cost to provide coverage is determined.

Net periodic cost of defined benefit plans included the following for fiscal years ending:

	Pension Benefits			Post-retirement Benefits		
In thousands	**October 30, 2022**	October 31, 2021	October 25, 2020	**October 30, 2022**	October 31, 2021	October 25, 2020
Service Cost	**$ 40,076**	$ 37,127	$ 35,584	**$ 469**	$ 533	$ 770
Interest Cost	**50,558**	50,399	53,642	**7,684**	7,945	9,306
Expected Return on Plan Assets	**(108,248)**	(102,693)	(101,283)	**—**	—	—
Amortization of Prior Service Cost	**(1,496)**	(1,496)	(2,168)	**8**	(669)	(2,651)
Recognized Actuarial Loss	**12,530**	22,742	22,383	**2,439**	2,020	1,045
Net Periodic Cost	**$ (6,581)**	$ 6,080	$ 8,158	**$ 10,600**	$ 9,830	$ 8,470

Non-service cost components of net pension and post-retirement benefit cost are presented within Interest and Investment Income on the Consolidated Statements of Operations.

Actuarial gains and losses and any adjustments resulting from plan amendments are deferred and amortized over periods ranging from 8 to 21 years for pension benefits and 13 to 14 years for post-retirement benefits. The following amounts have not been recognized in net periodic pension cost and are included in Accumulated Other Comprehensive Loss:

	Pension Benefits		Post-retirement Benefits	
In thousands	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
Unrecognized Prior Service Credit	**$ (2,399)**	$ (3,624)	**$ (146)**	$ (154)
Unrecognized Actuarial (Losses) Gains	**(272,401)**	(305,433)	**18,044**	(35,616)

The following is a reconciliation of the beginning and ending balances of the benefit obligation, fair value of plan assets, and funded status of the plans as of the measurement dates:

	Pension Benefits		Post-retirement Benefits	
In thousands	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
Change in Benefit Obligation:				
Benefit Obligation at Beginning of Year	**$ 1,711,958**	$ 1,666,886	**$ 274,666**	$ 285,293
Service Cost	**40,076**	37,127	**469**	533
Interest Cost	**50,558**	50,399	**7,684**	7,945
Actuarial (Gain) Loss(1)	**(515,995)**	34,247	**(51,219)**	1,539
Plan Amendments	**(2,722)**	—	**—**	—
Participant Contributions	**—**	—	**1,808**	2,113
Medicare Part D Subsidy	**—**	—	**448**	461
Benefits Paid	**(83,862)**	(76,702)	**(21,868)**	(23,218)
Benefit Obligation at End of Year	**$ 1,200,013**	$ 1,711,958	**$ 211,986**	$ 274,666

(1) Actuarial gains in fiscal 2022 were primarily due to the change in the discount rate assumptions utilized in measuring plan obligations.

	Pension Benefits		Post-retirement Benefits	
In thousands	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
Change in Plan Assets:				
Fair Value of Plan Assets at Beginning of Year	**$ 1,698,596**	$ 1,553,532	**$ —**	$ —
Actual Return on Plan Assets	**(387,244)**	211,054	**—**	—
Participant Contributions	**—**	—	**1,808**	2,113
Employer Contributions	**12,711**	10,712	**20,060**	21,105
Benefits Paid	**(83,862)**	(76,702)	**(21,868)**	(23,218)
Fair Value of Plan Assets at End of Year	**$ 1,240,200**	$ 1,698,596	**$ —**	$ —
Funded Status at End of Year	**$ 40,187**	$ (13,362)	**$ (211,986)**	$ (274,666)

Amounts recognized in the Consolidated Statements of Financial Position are as follows:

	Pension Benefits		Post-retirement Benefits	
In thousands	**October 30, 2022**	October 31, 2021	**October 30, 2022**	October 31, 2021
Pension Assets	**$ 245,566**	$ 289,096	**$ —**	$ —
Employee-related Expenses	**(11,571)**	(11,173)	**(19,962)**	(19,589)
Pension and Post-retirement Benefits	**(193,808)**	(291,285)	**(192,024)**	(255,077)
Net Amount Recognized	**$ 40,187**	$ (13,362)	**$ (211,986)**	$ (274,666)

The accumulated benefit obligation for all pension plans was $1.2 billion and $1.7 billion as of October 30, 2022, and October 31, 2021, respectively. The following table provides information for pension plans with projected and accumulated benefit obligations in excess of plan assets:

In thousands	**October 30, 2022**	October 31, 2021
Projected Benefit Obligation	**$ 205,379**	$ 302,458
Accumulated Benefit Obligation	**204,302**	292,877
Fair Value of Plan Assets	**—**	—

Weighted-average assumptions used to determine benefit obligations are as follows:

	October 30, 2022	October 31, 2021
Discount Rate	**5.92 %**	3.00 %
Rate of Future Compensation Increase (For Plans that Base Benefits on Final Compensation Level)	**3.95 %**	4.14 %
Interest Crediting Rate (For Cash Balance Plan)(1)	**4.42 %**	—

(1) Cash balance plan enacted in the fourth quarter of fiscal 2022.

Weighted-average assumptions used to determine net periodic benefit costs are as follows:

	October 30, 2022	October 31, 2021	October 25, 2020
Discount Rate	**3.00 %**	3.06 %	3.37 %
Rate of Future Compensation Increase (For Plans that Base Benefits on Final Compensation Level)	**4.14 %**	4.09 %	4.06 %
Expected Long-term Return on Plan Assets	**6.50 %**	6.75 %	7.00 %

The expected long-term rate of return on plan assets is based on fair value and developed in consultation with outside advisors. A range is determined based on the composition of the asset portfolio, historical long-term rates of return, and estimates of future performance. The interest crediting rate is determined annually based on the U.S. 30-year Treasury rate with a floor of 2.65 percent.

For measurement purposes, an 8 percent annual rate of increase in the per capita cost of covered health care benefits for pre-Medicare and post-Medicare retirees' coverage is assumed for 2023. The pre-Medicare and post-Medicare rate is assumed to decrease to 5 percent for 2028 and remain steady thereafter.

The Company's funding policy is to make annual contributions of not less than the minimum required by applicable regulations. The Company expects to make contributions of $32.5 million during fiscal 2023 which represent benefit payments for unfunded plans.

Benefits expected to be paid over the next ten fiscal years are as follows:

In thousands	Pension Benefits	Post-retirement Benefits
2023	$ 81,447	$ 20,548
2024	84,199	20,176
2025	87,441	19,640
2026	90,959	19,031
2027	95,094	18,370
2028-2032	501,359	80,186

Plan assets for certain defined benefit pension plans are held in the Hormel Foods Corporation Master Trust (Master Trust). The investment strategy for the Master Trust attempts to minimize the long-term cost of pension benefits, reduce the volatility of pension expense, and achieve a healthy funded status for the plans. The Company establishes target allocations in consultation with outside advisors through the use of asset-liability modeling in an effort to match the duration of the plan assets with the duration of the Company's projected benefit liability.

The actual and target weighted-average asset allocations for the Company's pension plan assets as of the plan measurement date are as follows:

Asset Category	October 30, 2022 Actual %	October 30, 2022 Target Range %	October 31, 2021 Actual %	October 31, 2021 Target Range %
Fixed Income	**43.3**	**40-60**	43.8	35-60
Global Stocks	**36.9**	**20-55**	40.7	20-55
Real Estate	**8.6**	**0-10**	5.3	0-10
Private Equity	**7.1**	**0-10**	6.4	0-10
Hedge Funds	**2.1**	**0-10**	2.6	0-10
Cash and Cash Equivalents	**1.9**	**0-5**	1.1	—

The following tables show the categories of defined benefit pension plan assets and the level under which fair values were determined pursuant to the provisions of ASC 820. Assets measured at fair value using the net asset value (NAV) per share practical expedient are not required to be classified in the fair value hierarchy. These amounts are provided to permit reconciliation to the total fair value of plan assets.

In thousands	Fair Value Measurements as of October 30, 2022			
	Total Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Plan Assets in Fair Value Hierarchy				
Cash Equivalents[1]	**$ 23,162**	**$ —**	**$ 23,162**	**$ —**
Private Equity[2]				
Domestic	**37,032**	**—**	**—**	**37,032**
International	**51,122**	**—**	**—**	**51,122**
Fixed Income[3]				
U.S. Government Issues	**166,461**	**109,643**	**56,818**	**—**
Municipal Issues	**10,541**	**—**	**10,541**	**—**
Corporate Issues – Domestic	**244,044**	**—**	**244,044**	**—**
Corporate Issues – Foreign	**41,759**	**—**	**41,759**	**—**
Global Stocks - Mutual Funds[4]	**—**	**—**	**—**	**—**
Plan Assets in Fair Value Hierarchy	**$ 574,121**	**$ 109,643**	**$ 376,324**	**$ 88,154**
Plan Assets at Net Asset Value				
Real Estate – Domestic[5]	**$ 106,951**			
Global Stocks - Collective Investment Funds[6]	**458,045**			
Hedge Funds[7]	**26,273**			
Fixed Income - Hedge Funds[8]	**62,025**			
Fixed Income - Collective Investment Funds[9]	**12,785**			
Plan Assets at Net Asset Value	**$ 666,080**			
Total Plan Assets at Fair Value	**$ 1,240,200**			

In thousands	Fair Value Measurements as of October 31, 2021			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Plan Assets in Fair Value Hierarchy				
Cash Equivalents[(1)]	$ 19,328	$ —	$ 19,328	$ —
Private Equity[(2)]				
Domestic	53,229	—	—	53,229
International	56,190	—	—	56,190
Fixed Income[(3)]				
U.S. Government Issues	262,181	164,357	97,824	—
Municipal Issues	14,024	—	14,024	—
Corporate Issues – Domestic	321,639	—	321,639	—
Corporate Issues – Foreign	56,102	—	56,102	—
Global Stocks - Mutual Funds[(4)]	94,115	94,115	—	—
Plan Assets in Fair Value Hierarchy	$ 876,808	$ 258,472	$ 508,917	$ 109,419
Plan Assets at Net Asset Value				
Real Estate – Domestic[(5)]	$ 90,106			
Global Stocks - Collective Investment Funds[(6)]	596,985			
Hedge Funds[(7)]	44,848			
Fixed Income - Hedge Funds[(8)]	62,609			
Fixed Income - Collective Investment Funds[(9)]	27,239			
Plan Assets at Net Asset Value	$ 821,787			
Total Plan Assets at Fair Value	$ 1,698,596			

The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments:

(1) Cash Equivalents: These Level 2 investments consist primarily of highly liquid money market mutual funds traded in active markets in addition to highly liquid futures and T-bills with an observable daily settlement price.

(2) Private Equity: These Level 3 investments consist of various collective investment funds, which are managed by a third party, invested in a well-diversified portfolio of equity investments from top performing, high quality firms focused on U.S. and foreign small to mid-markets, venture capitalists, and entrepreneurs with a concentration in areas of innovation. Investment strategies include buyouts, growth capital, buildups, and distressed, as well as early stages of company development mainly in the U.S. The fair value of these funds is based on the fair value of the underlying investments.

(3) Fixed Income: The Level 1 investments include U.S. Treasury bonds and notes, which are valued at the closing price reported on the active market in which the individual securities are traded. The Level 2 investments consist principally of U.S. government securities, which are valued daily using institutional bond quote sources and mortgage-backed securities pricing sources, and municipal, domestic, and foreign securities, which are valued daily using institutional bond quote sources.

(4) Global Stocks - Mutual Funds: These Level 1 investments include open-ended mutual funds consisting of a mix of U.S. common stocks and foreign common stocks, which are valued at closing price reported on the active market in which the fund is traded. The investment strategy is to obtain long term capital appreciation by focusing on companies generating above average earnings growth and are leading growth businesses in the marketplace. There are no restrictions on redemptions.

(5) Real Estate - Domestic: These investments include ownership in open-ended real estate funds, which manage diversified portfolios of commercial properties within the office, residential, retail, and industrial property sectors. Investment strategies aim to acquire, own, hold, or dispose of investments with the goal of achieving current income and/or capital appreciation. The real estate investments are valued at the NAV of shares held by the Master Trust. Requests to redeem shares are granted on a quarterly basis with either 45 or 90 days advance notice, subject to availability of cash.

(6) Global Stocks - Collective Investment Funds: These investments include commingled funds consisting of a mix of U.S. common stocks and foreign common stocks. The collective investment funds are valued at the NAV of shares held by the Master Trust. The investment strategy is to obtain long term capital appreciation by focusing on companies generating above average earnings growth and are leading growth businesses in the marketplace. All funds are daily liquid with the exception of one that is available on the first business day of the month for subscriptions and withdrawals.

(7) Hedge Funds: These investments are designed to provide diversification to an overall institutional portfolio and, in particular, provide protection against equity market downturns. They are comprised of Commodity Trading Advisor Managed Futures, Global Macro (Discretionary and/or Quant) and Long Volatility/Tail Risk Hedging strategies. The hedge funds are valued at the NAV of shares held by the Master Trust. Requests to redeem shares are granted daily, monthly or quarterly.

(8) Fixed Income - Hedge Funds: These investments target absolute, risk-adjusted returns by taking advantage of price dislocations and inconsistencies within credit markets. Funds are comprised primarily of U.S. and European corporate credit and structured credit. The investments are valued at the NAV of shares held by the Master Trust. Requests to redeem shares are granted on a quarterly basis on the three year fund anniversary with a ninety day notice period.

(9) Fixed Income - Collective Investment Funds: These investments include commingled funds consisting of a mix of U.S. government and investment grade corporate bonds. The collective investment funds are valued at NAV of the shares held by the Master Trust. The investment strategy is to achieve an investment return that approximates as closely to the Bloomberg Barclays U.S. Aggregate Bond Index over the long term by investing in the securities that comprise the benchmark. There are no restrictions on redemptions.

A reconciliation of the beginning and ending balance of the investments measured at fair value using significant unobservable inputs (Level 3) is as follows:

In thousands	**October 30, 2022**	October 31, 2021
Fair Value at Beginning of Year	**$ 109,419**	$ 83,838
Purchases, Issuances, and Settlements (Net)	**(29,188)**	(23,151)
Unrealized Gains (Losses)[1]	**(18,027)**	26,879
Realized Gains	**(604)**	604
Interest and Dividend Income	**26,554**	21,248
Fair Value at End of Year	**$ 88,154**	$ 109,419

(1) Included in Accumulated Other Comprehensive Loss in the Consolidated Statements of Financial Position.

During fiscal 2022, the value of the Level 3 investments ranged from $75.2 million to $109.4 million, with an average value of $91.8 million.

The Company has commitments totaling $131.5 million for the private equity investments within the pension plans. The unfunded private equity commitment balance for each investment category is as follows:

In thousands	**October 30, 2022**	October 31, 2021
Domestic Equity	**$ 2,146**	$ 81
International Equity	**10,466**	9,794
Unfunded Commitment Balance	**$ 12,612**	$ 9,875

Funding for future private equity capital calls will come from existing pension plan assets and not from additional cash contributions by the Company.

Note H

Accumulated Other Comprehensive Loss

Components of Accumulated Other Comprehensive Loss are as follows:

In thousands	Foreign Currency Translation	Pension & Other Benefits	Derivatives & Hedging	Accumulated Other Comprehensive Loss
Balance at October 27, 2019	$ (52,996)	$ (348,877)	$ 2,373	$ (399,500)
Unrecognized Gains (Losses)				
Gross	(11,164)	2,003	(38,213)	(47,374)
Tax Effect	—	(404)	9,324	8,920
Reclassification into Net Earnings				
Gross	—	18,609 (1)	37,834 (2)	56,443
Tax Effect	—	(4,510)	(9,229)	(13,739)
Net of Tax Amount	(11,164)	15,698	(284)	4,250
Balance at October 25, 2020	$ (64,161)	$ (333,178)	$ 2,089	$ (395,250)
Unrecognized Gains (Losses)				
Gross	12,980	72,623	75,084	160,687
Tax Effect	—	(17,715)	(18,259)	(35,974)
Reclassification into Net Earnings				
Gross	—	22,597 (1)	(31,443) (2)	(8,846)
Tax Effect	—	(5,538)	7,652	2,114
Net of Tax Amount	12,980	71,967	33,034	117,981
Balance at October 31, 2021	$ (51,181)	$ (261,211)	$ 35,123	$ (277,269)
Unrecognized Gains (Losses)				
Gross	**(38,612)**	**73,361**	**51,623**	**86,372**
Tax Effect	**—**	**(17,942)**	**(12,384)**	**(30,326)**
Reclassification into Net Earnings				
Gross	**—**	**13,481** (1)	**(58,580)** (2)	**(45,099)**
Tax Effect	**—**	**(3,312)**	**14,073**	**10,761**
Net of Tax Amount	**(38,612)**	**65,587**	**(5,267)**	**21,708**
Balance at October 30, 2022	**$ (89,793)**	**$ (195,624)**	**$ 29,856**	**$ (255,561)**

(1) Included in computation of net periodic cost. See Note G - Pension and Other Post-retirement Benefits for additional information.
(2) Included in Cost of Products Sold and Interest Expense in the Consolidated Statements of Operations. See Note F - Derivatives and Hedging for additional information.

Note I

Fair Value Measurements

The Company’s financial assets and liabilities carried at fair value on a recurring basis as of October 30, 2022, and October 31, 2021, and their level within the fair value hierarchy are presented in the table below.

In thousands	Fair Value Measurements at October 30, 2022			
	Total Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets at Fair Value				
Cash and Cash Equivalents[1]	**$ 982,107**	**$ 980,730**	**$ 1,377**	**$ —**
Short-term Marketable Securities[2]	**16,149**	**8,763**	**7,386**	**—**
Other Trading Securities[3]	**186,243**	**—**	**186,243**	**—**
Commodity Derivatives[4]	**12,448**	**12,228**	**220**	**—**
Total Assets at Fair Value	**$ 1,196,947**	**$ 1,001,721**	**$ 195,226**	**$ —**
Liabilities at Fair Value				
Deferred Compensation[3]	**$ 57,790**	**$ —**	**$ 57,790**	**$ —**
Total Liabilities at Fair Value	**$ 57,790**	**$ —**	**$ 57,790**	**$ —**

In thousands	Fair Value Measurements at October 31, 2021			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets at Fair Value				
Cash and Cash Equivalents[1]	$ 613,530	$ 611,111	$ 2,419	$ —
Short-term Marketable Securities[2]	21,162	8,790	12,372	—
Other Trading Securities[3]	203,020	—	203,020	—
Commodity Derivatives[4]	13,522	8,104	5,418	—
Total Assets at Fair Value	$ 851,234	$ 628,005	$ 223,229	$ —
Liabilities at Fair Value				
Deferred Compensation[3]	$ 70,466	$ —	$ 70,466	$ —
Total Liabilities at Fair Value	$ 70,466	$ —	$ 70,466	$ —

The following methods and assumptions were used to estimate the fair value of the financial assets and liabilities above:

(1) The Company’s cash equivalents considered Level 1 consist primarily of bank deposits, money market funds rated AAA, or other highly liquid investment accounts, and have a maturity date of three months or less. Cash equivalents considered Level 2 are funds holding agency bonds or securities recognized at amortized cost.

(2) The Company holds securities as part of a portfolio maintained to generate investment income and to provide cash for operations of the Company, if necessary. The portfolio is managed by a third party who is responsible for daily trading activities, and all assets within the portfolio are highly liquid. The cash, U.S. government securities, and money market funds rated AAA held by the portfolio are classified as Level 1. The current investment portfolio also includes corporate bonds and other asset backed securities for which there is an active, quoted market. Market prices are obtained from a variety of industry providers, large financial institutions, and other third-party sources to calculate a representative daily market value, and therefore, these securities are classified as Level 2.

(3) The Company maintains a rabbi trust to fund certain supplemental executive retirement plans and deferred compensation plans. The majority of the funds held in the rabbi trust relate to supplemental executive retirement plans and have been invested primarily in fixed income funds managed by a third party. The declared rate on these funds is set based on a formula using the yield of the general account investment portfolio supporting the fund as adjusted for expenses and other charges. The rate is guaranteed for one year at issue and may be reset annually on the policy anniversary, subject to a guaranteed minimum rate. As the value is based on adjusted market rates and the fixed rate is only reset on an annual basis, these funds are classified as Level 2.

Under the Company's deferred compensation plans, participants can defer certain types of compensation and elect to receive a return based on the changes in fair value of various investment options which include equity securities, money market accounts, bond funds or other portfolios for which there is an active quoted market. The Company also offers a fixed rate investment option to participants. The rate earned on these investments is adjusted annually based on a specified percentage of the I.R.S. applicable federal rates. These liabilities are classified as Level 2. The Company maintains funding in the rabbi trust generally mirroring the selections within the deferred compensation plans. These funds are managed by a third-party insurance policy, the values of which represent their cash surrender value based on the fair value of the underlying investments in the account. These policies are classified as Level 2.

The rabbi trust is included in Other Assets and deferred compensation liabilities in Other Long-term Liabilities on the Consolidated Statements of Financial Position. Securities held by the rabbi trust are classified as trading securities. Unrealized gains and losses associated with these investments are included in the Company's earnings. Securities held by the trust generated gains (losses) of $(16.8) million, $21.2 million, and $7.0 million for fiscal years 2022, 2021, and 2020, respectively.

(4) The Company's commodity derivatives represent futures, swaps, and options contracts used in its hedging or other programs to offset price fluctuations associated with purchases of corn and hogs, and to minimize the price risk assumed when forward priced contracts are offered to the Company's commodity suppliers. The Company's futures contracts for corn are traded on the Chicago Board of Trade, while futures contracts for lean hogs are traded on the Chicago Mercantile Exchange. These are active markets with quoted prices available, and these contracts are classified as Level 1. The Company's corn futures option contracts are over-the-counter instruments classified as Level 2 whose value is calculated using the Black-Scholes pricing model, corn future prices quoted from the Chicago Board of Trade, and other adjustments to inputs that are observable in active markets. All derivatives are reviewed for potential credit risk and risk of nonperformance. The net balance for each program is included in Other Current Assets or Accounts Payable, as appropriate, in the Consolidated Statements of Financial Position. As of October 30, 2022, the Company has recognized the obligation to return net cash collateral of $1.3 million from various counterparties (including cash of $27.5 million less $26.2 million of realized gain). As of October 31, 2021, the Company had recognized obligation to return net cash collateral of $10.8 million from various counterparties (including cash of $45.6 million less $34.8 million of realized gain).

The Company's financial assets and liabilities include accounts receivable, accounts payable, and other liabilities, for which carrying value approximates fair value. The Company does not carry its long-term debt at fair value in its Consolidated Statements of Financial Position. The fair value of long-term debt, utilizing discounted cash flows (Level 2), was $2.7 billion as of October 30, 2022, and $3.3 billion as of October 31, 2021. See Note L - Long Term Debt and Other Borrowing Arrangements for additional information.

The Company measures certain nonfinancial assets and liabilities at fair value, which are recognized or disclosed on a nonrecurring basis (e.g., goodwill, intangible assets, and property, plant, and equipment). During fiscal years 2022, 2021, and 2020, there were no material remeasurements of assets or liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

Note J

Commitments and Contingencies

To ensure a steady supply of hogs and turkeys and keep the cost of products stable, the Company has entered into contracts with producers for the purchase of hogs and turkeys at formula-based prices over periods up to 10 years. The Company has also entered into grow-out contracts with independent farmers to raise turkeys for the Company for periods up to 25 years. Under these arrangements, the Company owns the livestock, feed, and other supplies while the independent farmers provide facilities and labor. In addition, the Company has contracted for the purchase of corn, soybean meal, feed ingredients, and other raw materials from independent suppliers for periods up to 4 years. Under these contracts, the Company is committed to make purchases, assuming current price levels, as follows:

In thousands	October 30, 2022
2023	$ 1,321,098
2024	894,139
2025	534,137
2026	372,558
2027	167,727
Later Years	144,769
Total	$ 3,434,428

Purchases under these contracts for fiscal years 2022, 2021, and 2020 were $1.2 billion, $1.1 billion, and $0.9 billion, respectively.

The Company has commitments of approximately $75 million related to infrastructure improvements supporting various manufacturing facilities as of October 30, 2022.

As of October 30, 2022, the Company has $49.4 million of standby letters of credit issued on its behalf. The standby letters of credit are primarily related to the Company's self-insured workers compensation programs. This amount includes revocable standby letters of credit totaling $3.1 million for obligations of an affiliated party that may arise under workers compensation claims. Letters of credit are not reflected in the Company's Consolidated Statements of Financial Position.

The Company is involved in litigation on an ongoing basis arising in the ordinary course of business. In the opinion of management, the outcome of litigation currently pending will not materially affect the Company's results of operations, financial condition, or liquidity.

Note K

Leases

The Company has operating leases for manufacturing facilities, office space, warehouses, transportation equipment, and miscellaneous real estate and equipment contracts. Finance leases primarily include turkey growing facilities and an aircraft. The Company's lessor portfolio consists primarily of immaterial operating leases of farmland to third parties.

Lease information included in the Consolidated Statements of Financial Position are:

In thousands	**Location on Consolidated Statements of Financial Position**	**October 30, 2022**	October 31, 2021
Right-of-Use Assets			
Operating	Other Assets	**$ 73,613**	$ 72,291
Finance	Net Property, Plant, and Equipment	**45,563**	53,433
Total Right-of-Use Assets		**$ 119,176**	$ 125,724
Liabilities			
Current			
Operating	Accrued Expenses	**$ 21,183**	$ 18,331
Finance	Current Maturities of Long-term Debt	**8,391**	8,362
Noncurrent			
Operating	Other Long-term Liabilities	**55,571**	**56,779**
Finance	Long-term Debt Less Current Maturities	**36,082**	44,637
Total Lease Liabilities		**$ 121,227**	$ 128,109

Lease expenses are:

	Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	October 25, 2020
Operating Lease Cost (1)	**$ 25,702**	$ 21,993	$ 19,602
Finance Lease Cost			
Amortization of Right-of-Use Assets	**7,965**	8,104	7,985
Interest on Lease Liabilities	**1,707**	2,019	2,304
Variable Lease Cost (2)	**463,439**	544,635	424,955
Net Lease Cost	**$ 498,813**	$ 576,751	$ 454,846

(1) Includes short-term lease costs, which are immaterial.
(2) ASC 842 - Leases requires disclosure of payments related to agreements with an embedded lease that are not otherwise reflected on the balance sheet. The Company's variable lease costs primarily include inventory related expenses, such as materials, labor, and overhead from manufacturing and service agreements that contain embedded leases. Variability of these costs is determined based on usage or output and may vary for other reasons such as changes in material prices.

The weighted-average remaining lease term and discount rate for lease liabilities included in the Consolidated Statements of Financial Position are:

	October 30, 2022	October 31, 2021
Weighted Average Remaining Lease Term		
Operating Leases	**5.32 years**	5.92 years
Finance Leases	**6.26 years**	7.18 years
Weighted Average Discount Rate		
Operating Leases	**2.08 %**	1.76 %
Finance Leases	**3.44 %**	3.48 %

Supplemental cash flow and other information related to leases for the fiscal year-end are:

In thousands	**October 30, 2022**	October 31, 2021	October 25, 2020
Cash Paid for Amounts Included in the Measurement of Lease Liabilities			
Operating Cash Flows from Operating Leases	**$ 24,098**	$ 20,305	$ 15,412
Operating Cash Flows from Finance Leases	**1,707**	2,019	2,304
Financing Cash Flows from Finance Leases	**8,491**	8,598	8,189
Right-of-Use Assets obtained in exchange for new operating lease liabilities	**19,646**	31,962	5,210

The maturity of the Company's lease liabilities as of October 30, 2022, are:

In thousands	Operating Leases	Finance Leases [1]	Total
2023	$ 23,405	$ 9,745	$ 33,150
2024	19,062	9,623	28,685
2025	14,892	8,120	23,012
2026	10,110	5,652	15,762
2027	4,429	4,314	8,743
2028 and beyond	13,962	11,226	25,188
Total Lease Payments	$ 85,859	$ 48,680	$ 134,539
Less: Imputed Interest	9,105	4,207	13,312
Present Value of Lease Liabilities	$ 76,754	$ 44,473	$ 121,227

(1) Over the life of the lease contracts, finance lease payments include $8.5 million related to purchase options which are reasonably certain of being exercised.

Note L

Long-term Debt and Other Borrowing Arrangements

Long-term Debt consists of:

In thousands	**October 30, 2022**	October 31, 2021
Senior Unsecured Notes, with Interest at 3.050% Interest Due Semi-annually through June 2051 Maturity Date	**$ 600,000**	$ 600,000
Senior Unsecured Notes, with Interest at 1.800% Interest Due Semi-annually through June 2030 Maturity Date	**1,000,000**	1,000,000
Senior Unsecured Notes, with Interest at 1.700% Interest Due Semi-annually through June 2028 Maturity Date	**750,000**	750,000
Senior Unsecured Notes, with Interest at 0.650% Interest Due Semi-annually through June 2024 Maturity Date	**950,000**	950,000
Unamortized Discount on Senior Notes	**(7,750)**	(8,484)
Unamortized Debt Issuance Costs	**(19,856)**	(23,435)
Interest Rate Swap Liabilities[1]	**(19,950)**	—
Finance Lease Liabilities[2]	**44,473**	52,999
Other Financing Arrangements	**2,429**	2,823
Total	**$ 3,299,345**	$ 3,323,903
Less: Current Maturities of Long-term Debt	**8,796**	8,756
Long-term Debt Less Current Maturities	**$ 3,290,549**	$ 3,315,147

(1) See Note F - Derivatives and Hedging for additional information
(2) See Note K - Leases for additional information

Senior Unsecured Notes: On June 3, 2021, the Company issued $950.0 million aggregate principal amount of its 0.650% notes due 2024 (the "2024 Notes"), $750.0 million aggregate principal amount of its 1.700% notes due 2028 (the "2028 Notes"), and $600.0 million aggregate principal amount of its 3.050% notes due 2051 (the "2051 Notes"). The 2024 Notes may be redeemed in whole or in part one year after their issuance without penalty for early partial payments or full redemption. The 2028 Notes and 2051 Notes may be redeemed in whole or in part at any time at the applicable redemption price. Interest will accrue per annum at the stated rates with interest on the notes being paid semi-annually in arrears on June 3 and December 3 of each year, commencing December 3, 2021. Interest rate risk was hedged utilizing interest rate locks on the 2028 Notes and 2051 Notes. The Company lifted the hedges in conjunction with the issuance of these notes. See Note F - Derivatives and Hedging for additional information. If a change of control triggering event occurs, the Company must offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

On June 11, 2020, the Company issued senior notes in an aggregate principal amount of $1.0 billion, due June 11, 2030. The notes bear interest at a fixed rate of 1.800% per annum, with interest paid semi-annually in arrears on June 11 and December 11 of each year, commencing December 11, 2020. The notes may be redeemed in whole or in part at any time at the applicable redemption price set forth in the prospectus supplement. If a change of control triggering event occurs, the Company must offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

Unsecured Revolving Credit Facility: On May 6, 2021, the Company entered into an unsecured revolving credit agreement with Wells Fargo Bank, National Association as administrative agent, swingline lender and issuing lender, U.S. Bank National Association, JPMorgan Chase Bank, N.A. and BofA Securities, Inc. as syndication agents and the lenders party thereto. The revolving credit agreement provides for an unsecured revolving credit facility with an aggregate principal commitment amount at any time outstanding of up to $750.0 million with an uncommitted increase option of an additional $375.0 million upon the satisfaction of certain conditions. The unsecured revolving line of credit bears interest, at the Company's election, at either a Base Rate plus margin of 0.0% to 0.150% or the Eurocurrency Rate plus margin of 0.575% to 1.150% and a variable fee of 0.050% to 0.100% is paid for the availability of this credit line. Extensions of credit under the facility may be made in the form of revolving loans, swingline loans and letters of credit. The lending commitments under the agreement are scheduled to expire on May 6, 2026, at which time the Company will be required to pay in full all obligations then outstanding. As of October 30, 2022, and October 31, 2021, the Company had no outstanding draws from this facility.

Debt Covenants: The Company is required by certain covenants in its debt agreements to maintain specified levels of financial ratios and financial position. As of October 30, 2022, the Company was in compliance with all of these covenants.

Interest Payments: Total interest paid in the last three fiscal years is as follows:

In millions	
2022	**$ 57.0**
2021	25.1
2020	14.5

Note M

Stock-Based Compensation

The Company issues stock options, restricted stock units, restricted shares, and deferred stock units as part of its stock incentive plans for employees and nonemployee directors. Stock-based compensation expense for fiscal years 2022, 2021, and 2020, was $24.9 million, $24.7 million, and $22.5 million, respectively. The Company recognizes stock-based compensation expense ratably over the vesting period or the individual's retirement eligibility date.

As of October 30, 2022, there was $19.6 million of total unrecognized compensation expense from stock-based compensation arrangements granted under the plans. This compensation is expected to be recognized over a weighted-average period of approximately 1.5 years. During fiscal years 2022, 2021, and 2020, cash received from stock option exercises was $79.8 million, $45.9 million, and $81.8 million, respectively.

Shares issued for option exercises, restricted stock units, restricted shares, and deferred stock units may be either authorized but unissued shares or shares of treasury stock. The number of shares available for future grants was 11.1 million at October 30, 2022, 12.5 million at October 31, 2021, and 13.7 million at October 25, 2020.

Stock Options: The Company's policy is to grant options with the exercise price equal to the market price of the common stock on the date of grant. Options typically vest over four years and expire ten years after the date of the grant.

A reconciliation of the number of options outstanding and exercisable as of October 30, 2022, is:

	Shares (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Stock Options Outstanding at October 31, 2021	19,022	$ 33.49		
Granted	**1,358**	**43.19**		
Exercised	**(3,845)**	**22.17**		
Forfeited	**(403)**	**40.06**		
Expired	**(1)**	**40.59**		
Stock Options Outstanding at October 30, 2022	**16,130**	**$ 36.85**	**4.9**	**$ 163,808**
Stock Options Exercisable at October 30, 2022	**10,816**	**$ 34.56**	**3.9**	**$ 134,370**

The weighted-average grant date fair value of stock options granted and the total intrinsic value of options exercised during each of the past three fiscal years, are:

In thousands, except per share amounts	Fiscal Year Ended **October 30, 2022**	October 31, 2021	October 25, 2020
Weighted-average Grant Date Fair Value	**$ 7.09**	$ 7.52	$ 7.72
Intrinsic Value of Exercised Options	**109,745**	94,108	182,821

The fair value of each option award is calculated on the date of grant using the Black-Scholes valuation model utilizing the following weighted-average assumptions:

	Fiscal Year Ended **October 30, 2022**	October 31, 2021	October 25, 2020
Risk-free Interest Rate	**1.6 %**	1.0 %	1.7 %
Dividend Yield	**2.4 %**	2.1 %	2.0 %
Stock Price Volatility	**20.4 %**	20.0 %	19.0 %
Expected Option Life	**7.5 years**	7.4 years	7.5 years

As part of the annual valuation process, the Company reassesses the appropriateness of the inputs used in the valuation models. The Company establishes the risk-free interest rate using U.S. Treasury yields as of the grant date. The dividend yield is based on the dividend rate approved by the Company's Board of Directors and the stock price on the grant date. The expected volatility assumption is based on historical volatility. The expected life assumption is based on an analysis of past exercise behavior by option holders. In performing the valuations for option grants, the Company has not stratified option holders as exercise behavior has historically been consistent across all employees.

Restricted Stock Units: Restricted stock units are valued equal to the market price of the common stock on the date of the grant and generally vest after three years. These awards accumulate dividend equivalents, which are provided as additional units and are subject to the same vesting requirements as the underlying grant. A reconciliation of the restricted stock units as of October 30, 2022, is:

	Shares (in thousands)	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in thousands)
Restricted Stock Units Outstanding at October 31, 2021	**385**	**$ 46.81**		
Granted	**362**	**44.14**		
Dividend Equivalents	**9**	**50.32**		
Vested	**(41)**	**45.68**		
Forfeited	**(34)**	**44.76**		
Restricted Stock Units Outstanding at October 30, 2022	**681**	**$ 45.53**	**1.5**	**$ 31,972**

The weighted-average grant date fair value of restricted stock units granted and the total fair value of restricted stock units granted during each of the past three fiscal years, are:

In thousands, except per share amounts	Fiscal Year Ended **October 30, 2022**	October 31, 2021	October 25, 2020
Weighted-average Grant Date Fair Value	**$ 44.14**	$ 47.52	$ 45.88
Fair Value of Restricted Stock Units Granted	**15,980**	10,699	9,383
Fair Value of Restricted Stock Units Vested	**$ 1,893**	$ 1,460	$ 839

Restricted Shares: Restricted shares awarded to nonemployee directors annually on February 1 are subject to a restricted period which expires the date of the Company's next annual stockholders meeting. Newly elected directors receive a prorated award of restricted shares of the Company's common stock, which expires on the date of the Company's second succeeding annual stockholders meeting. A reconciliation of the restricted shares as of October 30, 2022, is:

In thousands, except per share amounts	Shares	Weighted-Average Grant Date Fair Value
Restricted Shares Outstanding at October 31, 2021	38	$ 46.92
Granted	**37**	**47.11**
Vested	**(38)**	**46.92**
Restricted Shares Outstanding at October 30, 2022	**37**	**$ 47.11**

The weighted-average grant date fair value of restricted shares granted, the total fair value of restricted shares granted, and the fair value of shares that have vested during each of the past three fiscal years are:

	Fiscal Year Ended		
In thousands, except per share amounts	**October 30, 2022**	October 31, 2021	October 25, 2020
Weighted-average Grant Date Fair Value	**$ 47.11**	$ 46.92	$ 47.29
Fair Value of Restricted Shares Granted	**1,760**	1,760	1,973
Fair Value of Restricted Shares Vested	**$ 1,760**	$ 2,133	$ 1,974

Deferred Stock Units: Nonemployee directors can elect to receive all or a portion of their annual retainer in the form of non-forfeitable deferred stock units which vest immediately. The deferred stock units accumulate dividend equivalents, which are provided as additional units. Each deferred stock unit represents the right to receive one share of the Company's common stock following the completion of the director's service.

During fiscal 2022, the Company granted 12.3 thousand units, credited dividend equivalents of 2.1 thousand units and distributed 5.5 thousand units, which had a weighted-average fair value on the grant date of $48.30, $48.44, and $17.95 per share respectively. As of October 30, 2022, 104.9 thousand units were outstanding, which had a weighted-average fair value on the grant date of $36.18 per share and an aggregate intrinsic fair value of $4.9 million.

Note N

Income Taxes

The components of the Provision for Income Taxes are as follows:

	Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	October 25, 2020
Current			
U.S. Federal	**$ 67,638**	$ 171,732	$ 142,708
State	**20,054**	7,541	13,353
Foreign	**13,185**	9,079	18,293
Total Current	**100,877**	188,352	174,354
Deferred			
U.S. Federal	**164,091**	23,507	34,408
State	**13,638**	2,220	4,937
Foreign	**(729)**	2,950	(7,306)
Total Deferred	**177,000**	28,677	32,039
Total Provision for Income Taxes	**$ 277,877**	$ 217,029	$ 206,393

The Company has elected to treat global intangible low taxed income (GILTI) as a period cost.

Deferred Income Taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the deferred income tax liabilities and assets are as follows:

In thousands	**October 30, 2022**	October 31, 2021
Deferred Tax Liabilities		
Goodwill and Intangible Assets	**$ (404,295)**	$ (322,822)
Tax over Book Depreciation and Basis Differences	**(246,411)**	(143,891)
Other, net	**(21,467)**	(21,967)
Deferred Tax Assets		
Pension and Other Post-retirement Benefits	**42,794**	71,190
Employee Compensation Related Liabilities	**65,461**	68,133
Marketing and Promotional Accruals	**29,045**	22,916
Other, net	**62,334**	50,767
Net Deferred Tax (Liabilities) Assets	**$ (472,539)**	$ (275,674)

Reconciliation of the statutory federal income tax rate to the Company's effective tax rate is as follows:

	Fiscal Year Ended		
	October 30, 2022	October 31, 2021	October 25, 2020
U.S. Statutory Rate	**21.0 %**	21.0 %	21.0 %
State Taxes on Income, Net of Federal Tax Benefit	**2.4**	0.8	1.6
Stock-based Compensation	**(1.5)**	(1.6)	(3.1)
All Other, net	**(0.2)**	(0.9)	(1.0)
Effective Tax Rate	**21.7 %**	19.3 %	18.5 %

As of October 30, 2022, the Company had $271.1 million of undistributed earnings from non-U.S. subsidiaries. The Company maintains all earnings as permanently reinvested. Accordingly, no additional income taxes have been provided for withholding tax, state tax, or other taxes.

Total income taxes paid during fiscal years 2022, 2021, and 2020 were $93.1 million, $167.0 million, and $169.7 million, respectively.

The following table sets forth changes in the unrecognized tax benefits, excluding interest and penalties, for fiscal years 2022 and 2021.

In thousands	
Balance as of October 25, 2020	$ 33,242
Tax Positions Related to the Current Period	
Increases	4,003
Tax Positions Related to Prior Periods	
Increases	2,117
Decreases	(4,170)
Settlements	(8,934)
Decreases Related to a Lapse of Applicable Statute of Limitations	(4,166)
Balance as of October 31, 2021	$ 22,092
Tax Positions Related to the Current Period	
Increases	**3,618**
Tax Positions Related to Prior Periods	
Increases	**1,890**
Decreases	**(1,789)**
Settlements	**(2,509)**
Decreases Related to a Lapse of Applicable Statute of Limitations	**(3,782)**
Balance as of October 30, 2022	**$ 19,520**

The amount of unrecognized tax benefits, including interest and penalties, is recorded in Other Long-term Liabilities. If recognized as of October 30, 2022, and October 31, 2021, $17.2 million, and $19.6 million, respectively, would impact the Company's effective tax rate. The Company includes accrued interest and penalties related to uncertain tax positions in income tax expense, with immaterial losses included in expense for fiscal 2022, 2021 and 2020. The amount of accrued interest and penalties at October 30, 2022, and October 31, 2021, associated with unrecognized tax benefits was $2.3 million and $5.0 million, respectively.

The Company is regularly audited by federal and state taxing authorities. The U.S. Internal Revenue Service (I.R.S.) concluded their examinations of fiscal 2019 in the second quarter of fiscal 2021. The I.R.S. has placed the Company in the Bridge phase of the Compliance Assurance Process (CAP) for fiscal 2020. In this phase, the I.R.S. will not accept any disclosures, conduct any reviews, or provide any assurances. The Company has elected to participate in CAP for fiscal years through 2023. The objective of CAP is to contemporaneously work with the I.R.S. to achieve federal tax compliance and resolve all or most of the issues prior to filing of the tax return. The Company may elect to continue participating in CAP for future tax years; the Company may withdraw from the program at any time.

The Company is in various stages of audit by several state taxing authorities on a variety of fiscal years, as far back as 2015. While it is reasonably possible that one or more of these audits may be completed within the next 12 months and the related unrecognized tax benefits may change based on the status of the examinations, it is not possible to reasonably estimate the effect of any amount of such change to previously recorded uncertain tax positions.

The Inflation Reduction Act of 2022 was signed into law on August 16, 2022. The 15% corporate alternative minimum tax will not apply to the Company until fiscal year 2024.

Note O

Earnings Per Share Data

The reported net earnings attributable to the Company were used when computing basic and diluted earnings per share. The following table sets forth the shares used as the denominator for those computations:

	Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	October 25, 2020
Basic Weighted-Average Shares Outstanding	**544,918**	541,114	538,007
Dilutive Potential Common Shares	**4,648**	6,466	8,585
Diluted Weighted-Average Shares Outstanding	**549,566**	547,580	546,592
Antidilutive Potential Common Shares	**1,915**	2,839	1,822

Note P

Segment Reporting

The Company develops, processes, and distributes a wide array of food products in a variety of markets. The Company reports its results in the following four segments: Grocery Products, Refrigerated Foods, Jennie-O Turkey Store, and International & Other, which are consistent with how the Company's Chief Operating Decision Maker (CODM) assesses performance and allocates resources.

Grocery Products: The Grocery Products segment primarily consists of the processing, marketing, and sale of shelf-stable food products sold predominantly in the retail market, along with the sale of nutritional and private label shelf-stable products to retail, foodservice, and industrial customers. This segment also includes the results from the Company’s MegaMex Foods, LLC (MegaMex) joint venture.

Refrigerated Foods: The Refrigerated Foods segment includes the processing, marketing, and sale of branded and unbranded pork, beef, and poultry products for retail, foodservice, deli, convenience store, and commercial customers.

Jennie-O Turkey Store: The Jennie-O Turkey Store segment primarily consists of the processing, marketing, and sale of branded and unbranded turkey products for retail, foodservice, and commercial customers.

International & Other: The International & Other segment includes Hormel Foods International, which manufactures, markets, and sells Company products internationally. This segment also includes the results from the Company’s international royalty arrangements and other joint ventures.

Intersegment sales are eliminated in the Consolidated Statements of Operations. The Company does not allocate deferred compensation, investment income, interest expense, or interest income to its segments when measuring performance. The Company also retains various other income and expenses at the corporate level. In fiscal 2021, one-time acquisition-related costs and accounting adjustments associated with the purchase of the *Planters*® snack nuts business were also retained at the corporate level. Equity in Earnings of Affiliates is included in segment profit; however, earnings attributable to the Company’s noncontrolling interests are excluded. These items are included below as Net Unallocated Expense and Noncontrolling Interest when reconciling to Earnings Before Income Taxes.

Financial measures for each of the Company’s reportable segments and reconciliation to consolidated Earnings Before Income Taxes are set forth below. The Company's CODM reviews assets at a consolidated level and does not use assets by segment to evaluate performance or allocate resources. Therefore, the Company does not disclose assets by segment. The Company is an integrated enterprise, characterized by substantial intersegment cooperation, cost allocations, and sharing of assets. Therefore, the Company does not represent that these segments, if operated independently, would report the profit and other financial information shown below.

In thousands	Fiscal Year Ended October 30, 2022	October 31, 2021	October 25, 2020
Sales to Unaffiliated Customers			
Grocery Products	**$ 3,533,138**	$ 2,809,445	$ 2,385,291
Refrigerated Foods	**6,691,230**	6,333,410	5,271,061
Jennie-O Turkey Store	**1,507,421**	1,495,151	1,333,459
International & Other	**727,017**	748,183	618,650
Total	**$ 12,458,806**	$ 11,386,189	$ 9,608,462
Intersegment Sales			
Grocery Products	**$ —**	$ —	$ 13
Refrigerated Foods	**25,751**	28,019	21,067
Jennie-O Turkey Store	**253,573**	134,563	108,276
International & Other	**—**	—	—
Total	**279,325**	162,582	129,356
Intersegment Elimination	**(279,325)**	(162,582)	(129,356)
Total	**$ —**	$ —	$ —
Net Sales			
Grocery Products	**$ 3,533,138**	$ 2,809,445	$ 2,385,304
Refrigerated Foods	**6,716,981**	6,361,429	5,292,128
Jennie-O Turkey Store	**1,760,994**	1,629,714	1,441,735
International & Other	**727,017**	748,183	618,650
Intersegment Elimination	**(279,325)**	(162,582)	(129,356)
Total	**$ 12,458,806**	$ 11,386,189	$ 9,608,462
Segment Profit			
Grocery Products	**$ 367,642**	$ 382,197	$ 358,008
Refrigerated Foods	**685,394**	664,558	609,406
Jennie-O Turkey Store	**218,860**	76,006	105,585
International & Other	**105,264**	115,943	93,782
Total Segment Profit	**$ 1,377,161**	$ 1,238,704	$ 1,166,782
Net Unallocated Expense	**99,297**	112,836	52,307
Noncontrolling Interest	**239**	301	272
Earnings Before Income Taxes	**$ 1,278,103**	$ 1,126,170	$ 1,114,747
Depreciation and Amortization			
Grocery Products	**$ 50,948**	$ 34,645	$ 32,148
Refrigerated Foods	**131,041**	116,206	97,317
Jennie-O Turkey Store	**47,190**	47,669	46,322
International & Other	**12,972**	15,244	16,226
Corporate	**20,602**	14,643	13,767
Total	**$ 262,753**	$ 228,406	$ 205,781

Revenue has been disaggregated into the categories below to show how sales channels affect the nature, amount, timing, and uncertainty of revenue and cash flows. Total revenue contributed by sales channel for the last three fiscal years are:

In thousands	Fiscal Year Ended October 30, 2022	October 31, 2021	October 25, 2020
U.S. Retail	**$ 7,780,284**	$ 7,283,842	$ 6,411,739
U.S. Foodservice	**3,879,568**	3,239,424	2,489,644
International	**798,955**	862,923	707,078
Total	**$ 12,458,806**	$ 11,386,189	$ 9,608,462

In fiscal 2022, the Company updated its presentation of revenue disaggregation by sales channel, combining U.S. Deli and U.S. Retail as market conditions have evolved providing many similarities between the channels. The prior year presentation has been updated to conform to the current period presentation.

The Company’s products primarily consist of meat and other food products. Total revenue contributed by classes of similar products for the last three fiscal years are:

	Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	October 25, 2020
Perishable	**$ 6,554,512**	$ 6,271,164	$ 5,328,738
Shelf-stable	**3,402,075**	2,661,194	2,092,551
Poultry	**2,121,819**	2,100,356	1,886,367
Miscellaneous	**380,400**	353,475	300,806
Total	**$ 12,458,806**	$ 11,386,189	$ 9,608,462

Perishable includes fresh meats, frozen items, refrigerated meal solutions, bacon, sausages, hams, and guacamole (excluding Jennie-O Turkey Store products). Shelf-stable includes canned luncheon meats, nut butters, snack nuts, chili, shelf-stable microwaveable meals, hash, stews, tortillas, salsas, tortilla chips, and other items that do not require refrigeration. The Poultry category is composed primarily of Jennie-O Turkey Store products. The Miscellaneous category primarily consists of nutritional food products and supplements, dessert and drink mixes, and industrial gelatin products.

Revenues from external customers are classified as domestic or foreign based on the location where title passes. No individual foreign country is material to the consolidated results. Additionally, the Company’s long-lived assets located in foreign countries are not significant. Total net sales attributed to the U.S. and all foreign countries in total for the last three fiscal years are:

	Fiscal Year Ended		
In thousands	**October 30, 2022**	October 31, 2021	October 25, 2020
U.S.	**$ 11,776,883**	$ 10,653,088	$ 9,006,007
Foreign	**681,923**	733,101	602,454
Total	**$ 12,458,806**	$ 11,386,189	$ 9,608,462

In fiscal 2022, sales to Walmart Inc. (Walmart) represented $2.1 billion or 15.6% of the Company’s consolidated gross sales less returns and allowances compared to $1.9 billion or 15.2% in fiscal 2021. Walmart is a customer for all four segments of the Company.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report (the Evaluation Date), the Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)). In designing and evaluating the disclosure controls and procedures, management recognized any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded, as of the Evaluation Date, our disclosure controls and procedures were effective to provide reasonable assurance the information we are required to disclose in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting
Management's report on the Company's internal control over financial reporting is included on page 30 of this report. The report of the Company's independent registered public accounting firm related to their assessment of the effectiveness of internal control over financial reporting is included on page 31 of this report.

There were no changes in the Company’s internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) through the fourth quarter of fiscal 2022 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Information under “Item 1 – Election of Directors”, “Board Independence”, and information under “Board of Director and Committee Meetings” in the definitive proxy statement for the Annual Meeting of Stockholders to be held January 31, 2023, is incorporated herein by reference.

Information concerning Executive Officers is set forth in Part I of this Annual Report on Form 10-K, pursuant to Instruction to Item 401 of Regulation S-K.

The Company has adopted a Code of Ethical Business Conduct in compliance with applicable rules of the Securities and Exchange Commission that applies to its principal executive officer, its principal financial officer, and its principal accounting officer or controller, or persons performing similar functions. A copy of the Code of Ethical Business Conduct is available on the Company’s website at www.hormelfoods.com, free of charge, under the caption, “Investors – Governance – Governance Documents.” The Company intends to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this Code of Ethical Business Conduct by posting such information on the Company’s website at the address and location specified above.

Item 11. EXECUTIVE COMPENSATION

Information commencing with “Executive Compensation” through "CEO Pay Ratio Disclosure”, and information under “Compensation of Directors” in the definitive proxy statement for the Annual Meeting of Stockholders to be held January 31, 2023, is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding the Company's equity compensation plans as of October 30, 2022, is presented below:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights[1] (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights[2] (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Security Holders	16,953,461	$36.85	11,140,087
Equity Compensation Plans Not Approved by Security Holders	—	—	—
Total	16,953,461	$36.85	11,140,087

(1) Includes 16,130,380 stock options, 680,836 restricted stock units, 37,356 restricted shares and 104,889 deferred stock units.
(2) Only includes the weighted-average exercise price of outstanding stock options.

Information under “Security Ownership of Certain Beneficial Owners” and “Security Ownership of Management” in the definitive proxy statement for the Annual Meeting of Stockholders to be held January 31, 2023, is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information under “Related Party Transactions” and “Board Independence” in the definitive proxy statement for the Annual Meeting of Stockholders to be held January 31, 2023, is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information under “Independent Registered Public Accounting Firm Fees” and “Audit Committee Preapproval Policies and Procedures” in the definitive proxy statement for the Annual Meeting of Stockholders to be held January 31, 2023, is incorporated herein by reference.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements of Hormel Foods Corporation for the fiscal year ended October 30, 2022, are filed as part of this report:

Consolidated Statements of Operations–Fiscal Years Ended October 30, 2022, October 31, 2021, and October 25, 2020.

Consolidated Statements of Comprehensive Income–Fiscal Years Ended October 30, 2022, October 31, 2021, and October 25, 2020.

Consolidated Statements of Financial Position–October 30, 2022, and October 31, 2021.

Consolidated Statements of Changes in Shareholders' Investment–Fiscal Years Ended October 30, 2022, October 31, 2021, and October 25, 2020.

Consolidated Statements of Cash Flows–Fiscal Years Ended October 30, 2022, October 31, 2021, and October 25, 2020.

Notes to Consolidated Financial Statements

Report of Management

Report of Independent Registered Public Accounting Firm (PCAOB ID: 42)

FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statement schedule of Hormel Foods Corporation required is submitted herewith:

Schedule II – Valuation and Qualifying Accounts and Reserves–Fiscal Years Ended October 30, 2022, October 31, 2021, and October 25, 2020.

HORMEL FOODS CORPORATION
SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
In thousands

Classification	Balance at Beginning of Period	Additions/(Benefits) Charged to Cost and Expenses	Additions/(Benefits) Charged to Other Accounts Describe	Deductions-Describe	Balance at End of Period
Valuation reserve deduction from assets account:					
Fiscal year ended October 30, 2022 Allowance for doubtful accounts receivable	$ 4,033	$ (646)	$ —	$ 31 (1) (151) (2)	$ 3,507
Fiscal year ended October 31, 2021 Allowance for doubtful accounts receivable	$ 4,012	$ 146	$ (12) (3)	$ 138 (1) (25) (2)	$ 4,033
Fiscal year ended October 25, 2020 Allowance for doubtful accounts receivable	$ 4,063	$ 339	$ (63) (4) 12 (5)	$ 452 (1) (113) (2)	$ 4,012

(1) Uncollectible accounts written off.
(2) Recoveries on accounts previously written off.
(3) Consolidation of the Sadler's reserve.
(4) Consolidation of the Applegate reserve.
(5) Increase in the reserve due to the inclusion of Sadler's accounts receivable.

FINANCIAL STATEMENTS AND SCHEDULES OMITTED

All other financial statements and schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

HORMEL FOODS CORPORATION

LIST OF EXHIBITS

NUMBER	DESCRIPTION OF DOCUMENT
3.1[(1)]	Restated Certificate of Incorporation as amended January 27, 2016. (Incorporated by reference to Exhibit 3.1 to Hormel’s Annual Report on Form 10-K dated December 21, 2016, File No. 001-02402.)
3.2[(1)]	Bylaws as amended to date. (Incorporated by reference to Exhibit 3(ii) to Hormel’s Current Report on Form 8-K dated May 21, 2018, File No. 001-02402.)
4.1[(1)]	Description of Capital Stock. (Incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K filed on December 6, 2019, File No. 001-02402.)
4.2[(1)]	Indenture dated as of April 1, 2011, between the Company and U.S. Bank National Association. (Incorporated by reference to Exhibit 4.3 to Hormel’s Registration Statement on Form S-3 filed on April 4, 2011, File No. 333-173284.)
4.3[(1)]	Form of 1.800% Notes due June 11, 2030. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 11, 2020, File No. 001-02402.)
4.4[(1)]	Pursuant to Item 601(b)(4)(iii) of Regulation S-K, copies of instruments defining the rights of holders of certain long-term debt are not filed. Hormel agrees to furnish copies thereof to the Securities and Exchange Commission upon request.
4.5[(1)]	Form of 0.650% Notes due 2024 (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated June 3, 2021, File No. 001-02402.)
4.6[(1)]	Form of 1.700% Notes due 2028 (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K dated June 3, 2021, File No. 001-02402.)
4.7[(1)]	Form of 3.050% Notes due 2051 (Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K dated June 3, 2021, File No. 001-02402.)
10.1[(1)(3)]	Hormel Foods Corporation Supplemental Executive Retirement Plan (2007 Restatement). (Incorporated by reference to Exhibit 10.2 to Hormel’s Current Report on Form 8-K dated November 21, 2011, File No. 001-02402.)
10.2[(1)(3)]	First Amendment of Hormel Foods Corporation Supplemental Executive Retirement Plan (2007 Restatement). (Incorporated by reference to Exhibit 10.3 to Hormel’s Current Report on Form 8-K dated November 21, 2011, File No. 001-02402.)
10.3[(1)(3)]	Second Amendment of Hormel Foods Corporation Supplemental Executive Retirement Plan (2007 Restatement). (Incorporated by reference to Exhibit 10.4 to Hormel’s Current Report on Form 8-K dated November 21, 2011, File No. 001-02402.)
10.4[(1)(3)]	Third Amendment of Hormel Foods Corporation Supplemental Executive Retirement Plan (2007 Restatement). (Incorporated by reference to Exhibit 10.5 to Hormel’s Current Report on Form 8-K dated November 21, 2011, File No. 001-02402.)
10.5[(1)(3)]	Hormel Foods Corporation 2000 Stock Incentive Plan (Amended 1-31-2006). (Incorporated by reference to Exhibit 10.1 to Hormel’s Current Report on Form 8-K dated January 31, 2006, File No. 001-02402.)
10.6[(1)(3)]	Hormel Foods Corporation Executive Deferred Income Plan II (November 21, 2011 Restatement). (Incorporated by reference to Exhibit 10.1 to Hormel’s Current Report on Form 8-K dated November 21, 2011, File No. 001-02402.)
10.7[(1)(3)]	Form of Indemnification Agreement for Directors and Officers. (Incorporated by reference to Exhibit 10.1 to Hormel’s Quarterly Report on Form 10-Q for the quarter ended April 29, 2012, File No. 001-02402.)
10.8[(1)(3)]	Hormel Foods Corporation 2009 Nonemployee Director Deferred Stock Plan (Plan Adopted November 24, 2008). (Incorporated by reference to Exhibit 10.2 to Hormel’s Quarterly Report on Form 10-Q for the quarter ended January 25, 2009, File No. 001-02402.)
10.9[(1)(3)]	Hormel Foods Corporation 2009 Long-Term Incentive Plan. (Incorporated by reference to Appendix A to Hormel’s definitive Proxy Statement filed on December 18, 2013, File No. 001-02402.)
10.10[(1)(3)]	Hormel Survivor Income Plan for Executives (1993 Restatement). (Incorporated by reference to Exhibit 10.11 to Hormel’s Annual Report on Form 10-K for the fiscal year ended October 29, 2006, File No. 001-02402.)
10.11[(1)(3)]	Hormel Foods Corporation 2018 Incentive Compensation Plan. (Incorporated by reference to Appendix A to Hormel's Definitive Proxy Statement filed on December 20, 2017, File No. 001-02402.)
10.12[(1)(3)]	Hormel Foods Corporation Restricted Stock Award Agreement Under the 2018 Incentive Compensation Plan (Non-Employee Directors). (Incorporated by reference to Exhibit 10.1 to Hormel's Current Report on Form 8-K dated January 30, 2018, File No. 001-02402.)

NUMBER	DESCRIPTION OF DOCUMENT
10.13(1)(3)	Hormel Foods Corporation Stock Option Agreement Under the 2018 Incentive Compensation Plan. (Incorporated by reference to Exhibit 10.2 to Hormel's Current Report on Form 8-K dated January 30, 2018, File No. 001-02402.)
10.14(1)(3)	Hormel Foods Corporation Restricted Stock Unit Agreement Under the 2018 Incentive Compensation Plan. (Incorporated by reference to Exhibit 10.15 to Hormel's Annual Report on Form 10-K for the fiscal year ended October 27, 2019, File No. 001-02402.)
10.15(1)	U.S. $750,000,000 Credit Agreement, dated as of May 6, 2021, among the Company, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and Issuing Lender, and the lenders identified on the signature pages thereof. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 6, 2021, File No. 001- 02402.)
21.1(2)	Subsidiaries of the Registrant.
23.1(2)	Consent of Independent Registered Public Accounting Firm.
24.1(2)	Power of Attorney.
31.1(2)	Certification Required Under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2(2)	Certification Required Under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1(2)	Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101(2)	The following financial statements from the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 2022, formatted in Inline XBRL: (i) Consolidated Statements of Financial Position, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Changes in Shareholders’ Investment, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104(2)	The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 2022, formatted in Inline XBRL (included as Exhibit 101).

(1) Document has previously been filed with the Securities and Exchange Commission and is incorporated herein by reference.

(2) These exhibits transmitted via EDGAR.

(3) Management contract or compensatory plan or arrangement.

Item 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HORMEL FOODS CORPORATION

By:	/s/ JAMES P. SNEE	December 6, 2022
	JAMES P. SNEE	Date
	Chairman of the Board, President and Chief Executive Officer	

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JAMES P. SNEE JAMES P. SNEE	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	12/6/2022
/s/ JACINTH C. SMILEY JACINTH C. SMILEY	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	12/6/2022
/s/ PAUL R. KUEHNEMAN PAUL R. KUEHNEMAN	Vice President and Controller (Principal Accounting Officer)	12/6/2022
PRAMA BHATT	Director	
/s/ GARY C. BHOJWANI* GARY C. BHOJWANI	Director	12/6/2022
/s/ TERRELL K. CREWS* TERRELL K. CREWS	Director	12/6/2022
/s/ STEPHEN M. LACY* STEPHEN M. LACY	Director	12/6/2022
/s/ ELSA A. MURANO* ELSA A. MURANO	Director	12/6/2022
/s/ SUSAN K. NESTEGARD* SUSAN K. NESTEGARD	Director	12/6/2022
/s/ WILLIAM A. NEWLANDS* WILLIAM A. NEWLANDS	Director	12/6/2022
/s/ CHRISTOPHER J. POLICINSKI* CHRISTOPHER J. POLICINSKI	Director	12/6/2022
/s/ JOSE L. PRADO* JOSE L. PRADO	Director	12/6/2022
/s/ SALLY J. SMITH* SALLY J. SMITH	Director	12/6/2022
/s/ STEVEN A. WHITE* STEVEN A. WHITE	Director	12/6/2022
*By: /s/ PAUL R. KUEHNEMAN PAUL R. KUEHNEMAN *as Attorney-In-Fact*		12/6/2022

EXHIBIT 21.1

SUBSIDIARIES OF HORMEL FOODS CORPORATION

The Company owns the indicated percentage of the issued and outstanding stock or other equity interests of the following entities:

Name of Subsidiary	State or Country of Incorporation	Ownership Percentage
199 Ventures, LLC	Minnesota	100 %
Alma Foods, LLC	Delaware	100 %
Applegate Farms, LLC	Delaware	100 %
Applegate Investment Corporation	Delaware	100 %
Beijing Hormel Business Management Co., Ltd	China	100 %
Beijing Hormel Foods Co. Ltd.	China	80 %
Burke Marketing Corporation	Iowa	100 %
Campoco, Inc.	Minnesota	100 %
Century Foods International, LLC	Delaware	100 %
Century Foods Land Development, LLC	Delaware	100 %
Cidade do Sol Alimentos S.A.	Brazil	100 %
Clean Field Comércio de Produtos Alimentícios Ltda.	Brazil	100 %
Columbus Manufacturing, Inc.	Delaware	100 %
Creative Contract Packaging, LLC	Delaware	100 %
Cultivated Foods, LLC	Minnesota	100 %
Dan’s Prize, Inc.	Minnesota	100 %
Diversified Foods Insurance Company, LLC	Vermont	100 %
Dold Foods, LLC	Delaware	100 %
Fontanini Foods, LLC	Minnesota	100 %
HF International Holdings C.V.	Netherlands	100 %
Hormel (China) Investment Co., Ltd.	China	100 %
Hormel (Zhejiang) Innovation Technology Co., Ltd.	China	100 %
Hormel Canada, Ltd.	Canada	100 %
Hormel Financial Services Corporation	Minnesota	100 %
Hormel Foods Asia Pacific Pte. Ltd.	Singapore	100 %
Hormel Foods Australia Pty Limited	Australia	100 %
Hormel Foods Brazil Participações Ltda.	Brazil	100 %
Hormel Foods Corporate Services, LLC	Delaware	100 %
Hormel Foods International Corporation	Delaware	100 %
Hormel Foods Japan KK	Japan	100 %
Hormel Foods Mexico, S. de R.L. de C.V.	Mexico	100 %
Hormel Foods Operations, LLC	Minnesota	100 %
Hormel Foods Panama S.A.	Panama	100 %
Hormel Foods Sales, LLC	Delaware	100 %
Hormel Foods, LLC	Minnesota	100 %
Hormel Health Labs, LLC	Minnesota	100 %
Hormel International Investments, LLC	Delaware	100 %
Hormel MM Holding Corporation	Delaware	100 %
Hormel Netherlands B.V.	Netherlands	100 %
Jennie-O Turkey Store International, Inc.	Minnesota	100 %
Jennie-O Turkey Store Sales, LLC	Delaware	100 %
Jennie-O Turkey Store, Inc.	Minnesota	100 %
Jennie-O Turkey Store, LLC	Minnesota	100 %
Jiaxing Hormel Foods Co., Ltd	China	100 %
JJOTS, LLC	Minnesota	100 %
Justin’s, LLC	Delaware	100 %
Lloyd’s Barbeque Company, LLC	Delaware	100 %
Logistic Service, LLC	Delaware	100 %

Name of Subsidiary (continued)	State or Country of Incorporation	Ownership Percentage
Melting Pot Foods, LLC	Delaware	100 %
Mespil, Inc.	Delaware	100 %
Mexican Accent, LLC	Delaware	100 %
Mountain Prairie, LLC	Colorado	100 %
Omamori Indústria de Alimentos Ltda.	Brazil	100 %
Osceola Food, LLC	Delaware	100 %
Progressive Processing, LLC	Delaware	100 %
Provena Foods Inc.	California	100 %
PT Hormel Garudafood Jaya	Indonesia	51 %
Rochelle Foods, LLC	Delaware	100 %
Sadler’s Smokehouse, LLC	Minnesota	100 %
Shanghai Hormel Foods Co., Ltd.	China	100 %
Skippy Foods, LLC	Minnesota	100 %
Stagg Foods, LLC	Delaware	100 %
Valley Fresh, Inc.	Delaware	100 %
West Central Turkeys, LLC	Delaware	100 %

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement Number 33-14615 on Form S-8 dated May 27, 1987,

(2) Post-Effective Amendment Number 1 to Registration Statement Number 33-29053 on Form S-8 dated January 26, 1990,

(3) Registration Statement Number 333-44178 on Form S-8 dated August 21, 2000,

(4) Registration Statement Numbers 333-102805, 333-102806, 333-102808, and 333-102810 on Forms S-8 dated January 29, 2003,

(5) Registration Statement Number 333-110776 on Form S-8 dated November 26, 2003,

(6) Registration Statement Number 333-131625 on Form S-8 dated February 7, 2006,

(7) Registration Statement Number 333-136642 on Form S-8 dated August 15, 2006,

(8) Registration Statement Number 333-162405 on Form S-8 dated October 9, 2009,

(9) Registration Statement Numbers 333-191719 and 333-191720 on Forms S-8 dated October 15, 2013,

(10) Registration Statement Number 333-217593 on Form S-3ASR dated May 2, 2017,

(11) Registration Statement Number 333-222801 on Form S-8 dated January 1, 2018; and

(12) Registration Statement Number 333-237980 on Form S-3 dated May 4, 2020

of our reports dated December 6, 2022, with respect to the consolidated financial statements and schedule of Hormel Foods Corporation and the effectiveness of internal control over financial reporting of Hormel Foods Corporation included in this Annual Report (Form 10-K) of Hormel Foods Corporation for the year ended October 30, 2022.

/s/ Ernst & Young LLP
Minneapolis, MN
December 6, 2022

EXHIBIT 24.1

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints each of Jacinth C. Smiley, Paul R. Kuehneman, and Florence Makope, with full power to each to act without the other, his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign the Annual Report on Form 10-K of Hormel Foods Corporation ("Hormel") for Hormel's fiscal year ended October 30, 2022, and any or all amendments to said Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to file the same with such other authorities as necessary, granting unto each such attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each such attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ James P. Snee James P. Snee	Chairman of the Board, President, Chief Executive Officer and Director (Principal Executive Officer)	November 21, 2022
/s/ Jacinth C. Smiley Jacinth C. Smiley	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	December 1, 2022
/s/ Paul R. Kuehneman Paul R. Kuehneman	Vice President and Controller (Principal Accounting Officer)	November 22, 2022
Prama Bhatt	Director	
/s/ Gary C. Bhojwani Gary C. Bhojwani	Director	November 16, 2022
/s/ Terrell K. Crews Terrell K. Crews	Director	November 17, 2022
/s/ Stephen M. Lacy Stephen M. Lacy	Director	November 20, 2022
/s/ Elsa A. Murano Elsa A. Murano	Director	November 21, 2022
/s/ Susan K. Nestegard Susan K. Nestegard	Director	November 20, 2022
/s/ William A. Newlands William A. Newlands	Director	November 16, 2022
/s/ Christopher J. Policinski Christopher J. Policinski	Director	November 16, 2022
/s/ Jose L. Prado Jose L. Prado	Director	November 20, 2022
/s/ Sally J. Smith Sally J. Smith	Director	November 16, 2022
/s/ Steven A. White Steven A. White	Director	November 16, 2022

EXHIBIT 31.1

CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James P. Snee, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hormel Foods Corporation for the fiscal year ended October 30, 2022;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 6, 2022

Signed: /s/ JAMES P. SNEE
JAMES P. SNEE
Chairman of the Board, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jacinth C. Smiley, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hormel Foods Corporation for the fiscal year ended October 30, 2022;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: December 6, 2022

Signed: /s/ JACINTH C. SMILEY
JACINTH C. SMILEY
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Hormel Foods Corporation (the “Company”) for the period ended October 30, 2022, as filed with the Securities and Exchange Commission (the “Report”), the undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: December 6, 2022

/s/ JAMES P. SNEE
JAMES P. SNEE
Chairman of the Board, President and Chief Executive Officer

Dated: December 6, 2022

/s/ JACINTH C. SMILEY
JACINTH C. SMILEY
Executive Vice President and Chief Financial Officer

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Stockholder Information

Independent Auditors
Ernst & Young LLP
220 South Sixth Street, Ste. 1400
Minneapolis, MN 55402-4509

Transfer Agent and Registrar
EQ Shareowner Services
1110 Centre Pointe Curve, Suite 101
MAC N9173-010
Mendota Heights, MN 55120
www.shareowneronline.com

For the convenience of stockholders, a toll-free number (1-877-536-3559) can be used whenever questions arise regarding changes in registered ownership, lost or stolen certificates, address changes, or other matters pertaining to the transfer of stock or stockholder records. When requesting information, stockholders must provide their EQ account number or tax identification number, the name(s) in which their stock is registered, and their record address.

The company participates in the Direct Registration Profile Modification System. Transfers or issuances of shares are now issued in book-entry form, unless you specifically request a stock certificate. A statement will be delivered to you reflecting any transactions processed in your account.

The transfer agent makes stockholder account data available via the internet to stockholders of record. This service allows stockholders to view various account details, such as certificate information, dividend payment history, and/or dividend reinvestment plan records, over a secure internet connection with the required entry of an account number and authentication ID. Information is available 24 hours per day, seven days a week. If you are interested, you may use the website www.shareowneronline.com and access "Register" to arrange for setup.

Dividend Reinvestment Plan
The Hormel Foods Corporation Dividend Reinvestment Plan, available to record stockholders, allows for full dividend reinvestment and voluntary cash purchases with brokerage commissions or other service fees paid by the Company. Automatic debit for cash contributions is also available. This is a convenient method to have money automatically withdrawn each month from a checking or savings account and invested in your Dividend Reinvestment Plan account. To enroll in the plan or obtain additional information, contact EQ Shareowner Services, using the address or telephone number provided, listed previously in this section as Company transfer agent and registrar. Enrollment in the plan is also available on the internet at www.shareowneronline.com.

An optional direct dividend deposit service offers stockholders a convenient method of having quarterly dividend payments electronically deposited into their personal checking or savings accounts. The dividend payment is made in the account each payment date, providing stockholders with immediate use of their money. For information about the service and how to participate, contact EQ Shareowner Services, transfer agent.
You may also activate this feature on the internet at www.shareowneronline.com.

Dividends
The declaration of dividends and all dates related to the declaration of dividends are subject to the judgment and discretion of the Board of Directors of Hormel Foods Corporation. Quarterly dividends are typically paid on the 15th of February, May, August and November. Postal delays may cause receipt dates to vary.

Reports and Publications
Copies of the Company's Form 10-K (annual report) and Form 10-Q (quarterly report) to the Securities and Exchange Commission (SEC), proxy statement, all news releases and other corporate literature are available free upon request by calling (507) 437-5345 or by accessing the information on the internet at www.hormelfoods.com.
Notice and access to the Company's Annual Report is mailed approximately 40 days before the Annual Meeting. The Annual Report can be viewed at the website named above or a hard copy will be available free upon request via email, mail, or by calling (507) 437-5571.

Annual Meeting
The Annual Meeting of Stockholders will be held on Tuesday, January 31, 2023, at 6:00 p.m. (CST) in a virtual meeting format via live webcast.

To attend the Annual Meeting online, please visit www.virtualshareholdermeeting.com/HRL2023.

Questions about Hormel Foods
Stockholder Inquiries: (507) 437-5669
Analyst/Investor Inquiries: (507) 437-5248
Media Inquiries: (507) 437-5345

Consumer Response
Inquiries regarding products of Hormel Foods Corporation should be addressed to:

Consumer Response
Hormel Foods Corporation
1 Hormel Place
Austin, MN 55912-3680
or call 1-800-523-4635

Senior Leadership Team

Jim Snee
Chairman of the Board, President
and Chief Executive Officer

Jacinth Smiley
Executive Vice President
and Chief Financial Officer

Deanna Brady
Executive Vice President,
Retail*

Jeff Baker
Group Vice President,
Retail Marketing – Value-Added Meats*

Mark Coffey
Group Vice President,
Supply Chain

PJ Connor
Group Vice President,
Retail Sales*

Jeff Frank
Group Vice President,
Retail Marketing*

Steve Lykken
Group Vice President;
President, Jennie-O Turkey Store, Inc.

Swen Neufeldt
Group Vice President;
President, Hormel Foods International
Corporation

Mark Ourada
Group Vice President,
Foodservice

Scott Aakre
Senior Vice President,
Retail – Brand Fuel*

Katie Larson
Senior Vice President,
Human Resources*

Pierre Lilly
Senior Vice President and
Chief Compliance Officer

Lori Marco
Senior Vice President,
External Affairs and General Counsel

Kevin Myers, Ph.D.
Senior Vice President,
Research and Development
and Quality Control

Wendy Watkins
Senior Vice President and
Chief Communications Officer

Nathan Annis
Vice President,
Corporate Development

Richard Carlson
Vice President,
Quality Management

Jen Ehresmann
Vice President,
Supply Chain

John Forsythe
Vice President,
Grocery Products Operations – Shelf Stable

Jeff Grev
Vice President,
Legislative Affairs

Tony Hoffman
Vice President,
Retail Sales – Walmart/Sam's*

Henry Hsia
Vice President,
Retail Marketing – Snacking
and Entertainment*

Tyler Hulsebus
Vice President,
Engineering

Brian Johnson
Vice President and Corporate Secretary

Paul Kuehneman
Vice President and Controller

Leslie Lee
Vice President,
Digital Experience

Florence Makope
Vice President and Treasurer

Mark Morey
Vice President,
Foodservice – Affiliated Businesses*

Pat Schwab
Vice President,
Retail Sales – East*

Lisa Selk
Vice President,
Retail Marketing – Convenient Meals
& Proteins*

Annemarie Vaupel
Vice President,
Foodservice Marketing

Mark Vaupel
Vice President,
Information Technology Services

Natosha Walsh
Vice President,
Retail Sales – National Chains*

Clint Walters
Vice President,
Operations – Refrigerated Foods

David Weber
Vice President,
Foodservice Sales

*Effective 10/31/2022

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Board of Directors

James P. Snee
Chairman of the Board,
President and
Chief Executive Officer

Director since October 2015

Christopher J. Policinski
Former President and
Chief Executive Officer,
Land O'Lakes, Inc.

Director since September 2012

Lead Director since September 2016

Prama Bhatt
Chief Digital Officer,
Ulta Beauty

Director since November 2019

Gary C. Bhojwani
Chief Executive Officer,
CNO Financial Group, Inc.

Director since July 2014

Terrell K. Crews
Former Executive
Vice President and
Chief Financial Officer,
Monsanto Company

Director since October 2007

Stephen M. Lacy
Former Chairman of the
Board, President and
Chief Executive Officer,
Meredith Corporation

Director since September 2011

Elsa A. Murano, Ph.D.
Director of Norman Borlaug
Institute for International
Agriculture, Professor and
President Emerita,
Texas A&M University

Director since September 2006

Susan K. Nestegard
Former President,
Global Healthcare Sector,
Ecolab Inc.

Director since October 2009

William A. Newlands
President and
Chief Executive Officer,
Constellation Brands, Inc.

Director since November 2018

Jose Luis Prado
Former President,
Quaker Oats North America
and Global Baking,
PepsiCo, Inc.

Director since March 2019

Sally J. Smith
Former President and
Chief Executive Officer,
Buffalo Wild Wings, Inc.

Director since July 2014

Steven A. White
Former President,
Comcast West Division,
Comcast Corporation

Director since July 2014

20 BY 30 CHALLENGE

Hormel Foods' 20 By 30 Challenge* includes aggressive goals pertaining to our products, environmental sustainability, inclusion and diversity, education, hunger relief and more.

Products

Continue our clean-label initiative and efforts to reduce added sugars and sodium in our products, and increase desirable ingredients to nourish a diverse population.

We continue to advance our clean-label initiative to simplify the ingredient statements of many of our products through the removal or replacement of ingredients, while still delivering the great-tasting items that consumers expect.

Supply Chain

Hormel Foods recognizes the critical role that sustainable agricultural practices play in meeting the world's food demands while protecting our natural resources.

We have assessed several regenerative agriculture projects, becoming a major sponsor of an up-to 50,000-acre pilot project located in central and southeast Minn. In addition, our Applegate subsidiary launched the *Applegate Naturals® Do Good Dog™* hot dog, made with beef raised on verified regenerative U.S. grasslands.

Environment

Match 100% of our energy with renewable sourcing.

We matched 100% of our domestic energy use in fiscal 2022 with renewable sourcing.

People

Provide the opportunity of a free, two-year college education for all of our team members' dependent high school graduates.

We provided support to over 150 students in the first year of our Inspired Pathways program.

Community

Create a food-secure-community program and share blueprint and findings globally.

We began our efforts to create a unique food-secure-community program in Austin, Minn., home to our World Headquarters and flagship plant, which included conducting research, gathering feedback and writing a draft project plan with internal and external experts.

*More information on the 20 By 30 Challenge can be found in the Company's 2021 Annual Global Impact Report available online at https://csr.hormelfoods.com

Hormel Foods Corporation | 1 Hormel Place | Austin, MN | 55912-3680 | www.hormelfoods.com