

HORMEL FOODS CORP /DE/  
Form 11-K  
April 18, 2019  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 11-K

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

For the fiscal year ended October 28, 2018

OR

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

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

Commission file number 1-2402

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

Jennie-O Turkey Store Retirement Savings Plan

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

Hormel Foods Corporation  
1 Hormel Place  
Austin, MN 55912

507-437-5611

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Jennie-O Turkey Store Retirement Savings Plan  
Audited Financial Statements and Supplemental Schedule  
Years Ended October 28, 2018 and October 29, 2017

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Report of Independent Registered Public Accounting Firm

The Hormel Foods Corporation Employee Benefits Committee and the Trustees

Jennie-O Turkey Store Retirement Savings Plan

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Jennie-O Turkey Store Retirement Savings Plan (the Plan) as of October 28, 2018 and October 29, 2017, and the related statement of changes in net assets available for benefits for the year ended October 28, 2018, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at October 28, 2018 and October 29, 2017, and the changes in its net assets available for benefits for the year ended October 28, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on the Plan’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan 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. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion.

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.

Supplemental Schedule

The accompanying supplemental schedule of assets (held at end of year) as of October 28, 2018, have been subjected to audit procedures performed in conjunction with the audit of the Jennie-O Turkey Store Retirement Savings Plan’s financial statements. The information in the supplemental schedule is the responsibility of the Plan’s management. Our audit procedures included determining whether the information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the information, we evaluated whether such information, including its form and

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content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2005.  
Minneapolis, Minnesota  
April 18, 2019

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## Jennie-O Turkey Store Retirement Savings Plan

## Statements of Net Assets Available for Benefits

	October 28, 2018	October 29, 2017
Assets		
Investments:		
Investments at fair value	\$ 166,681,828	\$ 164,404,947
Investments at contract value	29,228,721	26,751,230
Total investments	195,910,549	191,156,177
Receivables:		
Contributions from Jennie-O Turkey Store	225,370	193,494
Contributions from participants	209,980	176,583
Promissory notes from participants	16,075,473	14,962,784
Interest and dividend income	29,862	30,014
Total receivables	16,540,685	15,362,875
Net assets available for benefits	\$ 212,451,234	\$ 206,519,052

See accompanying notes to the financial statements.

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## Jennie-O Turkey Store Retirement Savings Plan

## Statements of Changes in Net Assets Available for Benefits

	Year Ended October 28, 2018	Year Ended October 29, 2017
Additions:		
Contributions from Jennie-O Turkey Store	\$ 10,201,272	\$ 10,020,379
Contributions from participants	10,462,484	9,034,080
Employee rollover	315,683	214,181
Interest and dividend income	2,284,927	1,653,908
Interest income – promissory notes receivable	762,561	636,377
Total additions	24,026,927	21,558,925
Deductions:		
Distributions	18,295,873	16,077,861
Administrative expenses	424,969	317,075
Total deductions	18,720,842	16,394,936
Net realized and unrealized appreciation in fair value of investments	626,097	20,223,293
Net additions	5,932,182	25,387,282
Net assets available for benefits at beginning of year	206,519,052	181,131,770
Net assets available for benefits at end of year	\$ 212,451,234	\$ 206,519,052

See accompanying notes to the financial statements.

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Jennie-O Turkey Store Retirement Savings Plan

Notes to the Financial Statements

October 28, 2018

1. Description of the Plan

The following description of the Jennie-O Turkey Store Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the plan document or summary plan description for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan covering substantially all non-exempt employees of Jennie-O Turkey Store, Inc. (the Company or the Sponsor). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Eligibility - Employees in recognized employment, as defined by the Plan, become participants upon completing 180 days of continuous service.

Contributions - Employees who elect to contribute to the Plan can authorize a deduction of 1% to 50% of their pre-tax compensation, subject to Internal Revenue Service (IRS) limitations. Effective January 1, 2017, employees can elect to contribute 1% to 50% of their after-tax compensation, subject to IRS limitations. Eligible employees who have not enrolled shall be deemed to have automatically elected to contribute 2% of their pre-tax compensation to the Plan through payroll deductions. Effective January 1, 2017, participants with authorized pre-tax deductions of less than 5% will have their contribution percentage increased by 1% each year up to a maximum of 5% of eligible compensation. Participants receive advance notice of their right to elect out of both of these automatic plan features and are permitted to stop or change either feature at any time.

The Company provides a matching contribution equal to 50% of the first 2% of pay contributed for the pay period.

The Company's fixed contribution to the Plan is an amount equal to 4% of the eligible employee's earnings each pay period.

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

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

Vesting - Participant contributions are fully vested immediately. The employer matching and fixed contributions are fully vested after three years of vesting service.

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Payment of Benefits - Benefits are payable upon termination of service due to death, disability, termination, or retirement in the form of a lump sum equal to the vested value of the participant's account. Effective January 1, 2017, participants may elect to receive the vested interest of their accounts in the form of an annuity, partial payments, or installments. Complete details of payment provisions are described in a summary plan description, available from the Sponsor.

Forfeitures and Unallocated Assets - Forfeited balances of terminated participants' non-vested accounts are used to reduce future employer contributions or plan administrative expenses. Forfeitures used to reduce employer contributions and plan administrative expenses for the years ended October 28, 2018 and October 29, 2017, totaled \$850,979 and \$744,344, respectively. Forfeited accounts and unallocated assets (e.g. loan repayments, rollovers) as of October 28, 2018 and October 29, 2017 were \$54,471 and \$109,520, respectively.

Notes Receivable from Participants - Participants may borrow from their accounts a minimum of \$1,000 up to a maximum of the lesser of \$50,000 or 50% of their vested account balances. Loan terms range from one year to five years or up to 15 years for the purchase of a primary residence. The interest rate is 1% over the prime rate of interest published in The Wall Street Journal on the date the loan is granted. The loans are secured by the balance in the participant's account. Participants are required to make repayments of principal and interest through payroll deductions. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a benefit payment is recorded.

Plan Termination - The employer may, at its sole discretion, discontinue contributions or terminate the Plan at any time, subject to the provisions of ERISA. Upon the Plan's termination, all amounts credited to participants would become fully vested, and assets of the Plan would be distributed to participants based on amounts previously credited to their respective accounts.

2. Significant Accounting Policies

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

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

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

Payment of Benefits - Benefit payments to participants are recorded upon distribution. There were no distributions payable to participants as of October 28, 2018 or October 29, 2017.



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Notes Receivable from Participants - Promissory notes receivable from participants are valued at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. No allowance for credit losses has been recorded as of October 28, 2018 or October 29, 2017.

Administrative Expenses - All costs and expenses of administering the Plan are paid by the Plan or the Employer.

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

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

Recent Accounting Pronouncements - In August, 2018, FASB issued ASU 2018-13, Fair Value Measurement - Disclosure Framework (Topic 820). The updated guidance improves the disclosure requirements on fair value measurements. The updated guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted for any removed or modified disclosures. The Plan is currently assessing the timing and impact of adopting the updated provisions.

### 3. Fair Value Measurements

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

Level 1: Observable inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Observable inputs, other than those included in Level 1, based on quoted prices for similar assets and liabilities in active markets, or quoted prices for identical assets and liabilities in inactive markets.

Level 3: Unobservable inputs that reflect an entity's own assumptions about what inputs a market participant would use in pricing the asset or liability based on the best information available in the circumstances.

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

#### Non-Pooled Separate Account

The non-pooled separate account consists of common stock of Hormel Foods Corporation, which is valued at the last reported sales price on the last business day of the year, and a portion of uninvested

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cash, which is reported at carrying value as maturities are less than three months. This non-pooled separate account is deemed to be a Level 1 investment. Participants are authorized to invest up to 100% of the fair value of their net assets available for benefits in this fund. The Company has implemented a dividend pass through election for its participants. As directed by State Street Global Advisors, the Plan's independent fiduciary, the trustee will vote any allocated shares for which it has not received a voting instruction from the participant, as well as any unallocated shares, in the same proportion as those allocated shares for which participants have provided their voting instructions, unless contrary to ERISA. For tender or exchange offers, participants shall have the same rights as for voting, except that any shares for which participants have not provided a tender or exchange direction, will not be tendered or exchanged.

This fund is approximately 3% of the total investments in the Plan at October 28, 2018 and October 29, 2017.

Self-Directed Brokerage Assets

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

Separate Trust Accounts - Mutual Funds

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

• The U.S. equities investments include a mix of predominately U.S. common stocks, bonds, and cash.

• The international equities investment includes a mix of predominately foreign common stocks and cash.

• The fixed income investment includes a mix of domestic and foreign securities, including corporate obligations, government securities, mortgage-backed and other asset-backed securities, preferred stocks, and cash.

Separate Trust Accounts - Collective Trust Funds

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

The LifePath funds are target retirement date funds and include investments in highly diversified funds designed to remain appropriate for investors in terms of risk through a variety of life circumstances. These funds contain a mix of domestic and foreign equities, fixed income investments, and cash.

• The U.S. equities funds include a mix of predominately U.S. common stocks, bonds, and cash.

• The international equities fund includes a mix of predominately foreign common stocks and cash.

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• The fixed income fund includes a mix of domestic and foreign securities, including corporate obligations, government securities, mortgage-backed and other asset-backed securities, domestic and foreign common stocks, and cash.

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The investments of the Plan that are measured at fair value on a recurring basis as of October 28, 2018 and October 29, 2017, and their level within the fair value hierarchy, are as follows:

	Fair Value Measurements at October 28, 2018			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at fair value:				
Non-pooled separate account:				
Hormel Foods Corporation Stock Fund	\$6,230,456	\$6,230,456	\$—	—
Self-directed brokerage accounts	25,227	25,227	—	—
Total investments in the fair value hierarchy	6,255,683	\$6,255,683	\$—	—

Investments measured at net asset value:

Separate trust accounts:

Mutual funds	18,141,267
Collective trusts	142,284,878
Total separate trust accounts	160,426,145
Total investments at fair value	\$166,681,828

	Fair Value Measurements at October 29, 2017			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at fair value:				
Non-pooled separate account:				
Hormel Foods Corporation Stock Fund	\$5,206,597	\$5,206,597	\$—	—
Self-directed brokerage accounts	25,472	25,472	—	—
Total investments in the fair value hierarchy	5,232,069	\$5,232,069	\$—	—

Investments measured at net asset value:

Separate trust accounts:

Mutual funds	18,464,955
Collective trusts	140,707,923
Total separate trust accounts	159,172,878

Total investments at fair value	\$ 164,404,947
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4. Fully Benefit-Responsive Investment Contract

The General Investment Account is a fully benefit-responsive investment and is reported at contract value in the statements of net assets available for benefits. The statements of changes in net assets available for benefits are also prepared on a contract value basis. Benefit responsiveness is defined as the extent to which a contract's terms and the Plan permit or require participant-initiated withdrawals at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals, and administrative expenses.

The fully benefit-responsive investment contract with Massachusetts Mutual Life Insurance Company (MassMutual) is a general account evergreen group annuity contract. MassMutual maintains the contributions in a general account. Specific securities within the general account are not attributed to the investment contract with the Plan. The Plan owns a series of guarantees that are embedded in the insurance contract. The contractual guarantees are backed up by the full faith and credit of MassMutual, the contract issuer. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. MassMutual is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer and includes such factors as the investment-year method experience of the underlying contract or pool, projected levels of cash flows within the current interest rate environment, and the projected maturity of the underlying investments. Such interest rates are reviewed on a semiannual basis for resetting. The investment option for the General Investment Account is a Guaranteed Interest Account, provided through a group annuity contract. This contract does not allow the insurance company to terminate the agreement prior to a breach of the contract terms by the investor. The Plan may terminate the contract on the contract anniversary date with 90 days prior notice.

Certain events limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (i) amendments to the plan documents (including complete or partial plan termination or merger with another plan); (ii) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions; (iii) bankruptcy of the Sponsor or other Sponsor event (e.g., divestures or spin-offs of a subsidiary) that causes a significant withdrawal from the Plan; or (iv) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The plan administrator does not believe that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with participants, is probable.

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5. Income Tax Status

The Plan has received a determination letter from the IRS dated December 7, 2017, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and therefore, believes the Plan, as amended, is qualified and the related trust is tax exempt.

U.S. GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Plan management has analyzed the tax positions taken by the Plan, and has concluded that there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. Related Parties

The Plan maintains the following investments that qualify as party-in-interest transactions:

- collective trust funds managed by State Street Global Markets, LLC;
- common stock of Hormel Foods Corporation; and
- General Investment Account of the record keeper, the Massachusetts Mutual Life Insurance Company.

These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA.

7. Subsequent Events

Management evaluated subsequent events for the Plan through April 18, 2019, the date the financial statements were available to be issued.

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Jennie-O Turkey Store Retirement Savings Plan  
 Schedule H, Line 4i - Schedule of Assets (Held at End of Year)  
 EIN: 41-0734466 Plan Number: 003  
 October 28, 2018

Identity of Issuer, Borrower, Lessor, or Similar Party	Number of Shares/Units Held	Current Value
Insurance company general account: Massachusetts Mutual Life Insurance Company*: General Investment Account, contract value	1,255,030 units	\$29,228,721
Non-pooled separate account: State Street Corporation*: Hormel Foods Corporation Stock Fund*	304,539 units	6,230,456
Separate trust accounts: State Street Corporation*: BlackRock Equity Index S&P 500	312,584 units	5,708,336
BlackRock LifePath Index 2020	1,266,463 units	15,794,365
BlackRock LifePath Index 2025	1,949,715 units	25,055,490
BlackRock LifePath Index 2030	1,832,405 units	24,198,399
BlackRock LifePath Index 2035	1,339,158 units	18,138,695
BlackRock LifePath Index 2040	796,151 units	11,006,715
BlackRock LifePath Index 2045	731,486 units	10,257,750
BlackRock LifePath Index 2050	712,924 units	10,085,354
BlackRock LifePath Index 2055	591,562 units	8,405,981
BlackRock LifePath Index 2060	92,844 units	1,099,774
BlackRock LifePath Index Retirement	580,792 units	6,992,137
BlackRock MSCI ACWI ex-US Index	33,304 units	376,600
BlackRock Russell 2500 Index	24,607 units	401,580
BlackRock US Debt Index	55,268 units	600,128
DFA US Large Cap Value Fund	83,680 units	3,036,749
Dodge & Cox International Stock Fund	52,903 units	2,102,887
Harbor Capital Appreciation	107,658 units	7,759,974
Meridian Small Cap Growth Fund	300,899 units	5,241,657
Prudential Core Plus Bond CIT	376,122 units	4,163,574
Total separate trust accounts		160,426,145
Self-directed brokerage assets Charles Schwab & Co.		25,227
Promissory notes*	Varying maturity dates with interest rates ranging from 4.25% to 8.25%	16,075,473
Total assets (held at end of year)		\$211,986,022

\*Indicates a party-in-interest to the Plan.





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EXHIBIT INDEX

Exhibit  
Number Description

23      Consent of Independent Registered Public Accounting Firm

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

JENNIE-O TURKEY STORE  
RETIREMENT SAVINGS PLAN

Date: April 18, 2019 By: /s/ JAMES N. SHEEHAN  
JAMES N. SHEEHAN  
Executive Vice President and Chief Financial Officer,  
Hormel Foods Corporation