HORMEL FOODS CORP /DE/
Form 11-K
April 25, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 11-K

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

For the fiscal year ended October 28, 2006

OR

o **TRANSITION REPORT PURSUANT TO SECTION 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]**

For the transition period from __________ to __________

Commission file number 1-2402

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

Hormel Foods Corporation Tax Deferred Investment Plan A

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

Hormel Foods Corporation

Tax Deferred Investment Plan A

Audited Financial Statements and Schedule

Years Ended October 28, 2006, and October 29, 2005

Contents

Report of Independent Registered Public Accounting Firm

The Employee Benefits Committee

Hormel Foods Corporation

Tax Deferred Investment Plan A

We have audited the accompanying statements of net assets available for benefits of Hormel Foods Corporation Tax Deferred Investment Plan A (the Plan) as of October 28, 2006, and October 29, 2005, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at October 28, 2006, and October 29, 2005, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of October 28, 2006, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Minneapolis, Minnesota

April 20, 2007

3

Hormel Foods Corporation
Tax Deferred Investment Plan A

Statements of Net Assets Available for Benefits

	October 28, 2006	October 29, 2005
Assets		
Cash and cash equivalents	**$ 1,039**	$ 1,025
Investments	**313,134,945**	274,079,488
Contributions receivable from Hormel Foods Corporation	**129,982**	117,196
Contributions receivable from participants	**333,339**	303,434
Net assets available for benefits	**$ 313,599,305**	$ 274,501,143

See accompanying notes.

4

Hormel Foods Corporation

Tax Deferred Investment Plan A

Statements of Changes in Net Assets Available for Benefits

	Year Ended October 28, 2006	**October 29, 2005**
Additions:		
Contributions from Hormel Foods Corporation	**$ 2,948,221**	$ 2,786,142
Contributions from participants	**18,747,180**	17,374,275
Employee rollover	**711,838**	1,139,940
Interest and dividend income	**3,552,469**	2,779,978
Assets transferred to the Plan	**980,416**	
	26,940,124	24,080,335
Deductions:		
Distributions	**20,622,675**	12,129,012
Administrative expenses	**187,549**	159,417
	20,810,224	12,288,429
Net realized and unrealized appreciation in fair value of investments	**32,968,262**	20,860,486
Net additions	**39,098,162**	32,652,392
Net assets available for benefits at beginning of year	**274,501,143**	241,848,751
Net assets available for benefits at end of year	**$ 313,599,305**	$ 274,501,143

See accompanying notes.

5

Hormel Foods Corporation

Tax Deferred Investment Plan A

Notes to Financial Statements

October 28, 2006

1. Significant Accounting Policies

The accounting records of the Hormel Foods Corporation Tax Deferred Investment Plan A (the Plan) are maintained on the accrual basis.

Marketable securities are stated at fair value (the last reported sales price on the last business day of the year). The nonpooled separate account consists of common stock of Hormel Foods Corporation (the Company or the Sponsor) and a portion of uninvested cash. For separate accounts, fair value represents the net asset value of the fund shares, which is calculated based on the valuation of the funds underlying investments at fair value at the end of the year. The investment in insurance company general accounts is reported at contract value. The Plan s insurance company general account contract is fully benefit-responsive. 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. Participant loans are valued at their outstanding balances, which approximate fair value.

All costs and expenses incurred in connection with the operation of the Plan with regard to the purchase and sale of investments and certain professional fees are paid by the Plan.

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.

2. Description of the Plan

The following description of the Plan provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan s provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan is a contributory defined contribution plan covering employees of the Company and certain eligible subsidiaries who have completed six months of eligibility service and worked at least 500 hours during that six months.

Employees that have not made a retirement savings election shall be deemed to have automatically elected to participate in the Plan at the automatic enrollment percentage (currently 3.0%). Participants that make a retirement savings election can authorize a deduction of 1% to 50% of their compensation for each pay period. 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. The Company contributes a matching contribution, currently 50% of the participant s contribution, not to exceed $900 and $900 per year for the plan years ended October 28, 2006, and October 29, 2005, respectively.

Each participant s account is credited with the participant s and the Company s contributions and plan earnings and is charged with an allocation of administrative expenses. 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.

Employee and employer contributions are always 100% vested in the participants plan accounts.

Most benefits are paid upon termination of service in a lump-sum amount equal to the vested value of a participant s account, unless an eligible participant elects to defer the payment. Complete details of payment provisions are described in a Summary Plan Description, available from the Sponsor.

Participants may borrow from their fund accounts a minimum of $500 up to a maximum of the lesser of $50,000 or 50% of their account balances. Loan terms range from 1 year to 5 years or up to 15 years for the purchase of a primary residence. The loans are secured by the balance in a participant s account. Principal and interest are paid ratably through payroll deductions.

The employer may, at its sole discretion, discontinue contributions or terminate the Plan at any time subject to the provisions of ERISA.

3. Investments

Interest rates paid by the investment contracts are determined at the time of purchase. The crediting interest rate on the Fixed Income Fund was 4.25% and 4.0% as of October 28, 2006, and October 29, 2005, respectively. The average yield on the Plan s investment contract for the years ended October 28, 2006, and October 29, 2005, was 4.0% and 4.0%, respectively. Fair value of the investment contract was estimated to be approximately 97.5% of contract value as of October 28, 2006, and 98.3% of contract value as of October 29, 2005. Fair value was estimated based upon discounting future cash flows under the contracts at current interest rates for similar investments with comparable terms.

During the years ended October 28, 2006, and October 29, 2005, the Plan s investments (including investments bought and sold, as well as held during the year) appreciated in fair value by $32,968,262 and $20,860,486, respectively, as follows:

	2006	**2005**
Net appreciation in fair value during the year:		
Nonpooled separate account (containing company stock)	**$ 6,765,642**	$ 5,952,271
Separate trust accounts	**6,801,453**	3,206,815
Pooled separate accounts	**18,387,404**	11,527,482
Common stock	**144,375**	(97,681)
Mutual funds	**868,333**	270,834
Other	**1,055**	765
	$ 32,968,262	$ 20,860,486

The Plan, at the discretion of the participants, is authorized to invest up to 100% of the fair value of its net assets available for benefits in the common stock of the Company. Such investment totaled approximately 17% and 18% of total investments at October 28, 2006, and October 29, 2005, respectively.

The fair value of individual investments that represent 5% or more of the Plan s net assets is as follows:

	October 28, 2006	October 29, 2005
Nonpooled separate account:		
Hormel Foods Corporation common stock	**$ 52,830,656**	$ 48,337,161
IBT Money Market Fund	**693,818**	986,323
Total nonpooled separate account	**53,524,474**	49,323,484
Pooled separate accounts:		
Massachusetts Mutual Life Insurance Company:		
Aggressive Growth Fund	**42,883,471**	36,462,603
Moderate Growth Fund	**30,925,527**	28,136,902
Select Small Company Value Fund	**16,802,835**	13,943,324
Select Fundamental Value Fund	**18,175,471**	14,017,899
Separate trust account:		
American Funds Euro Pacific Fund	**21,465,699**	*
Insurance company general account:		
Massachusetts Mutual Life Insurance Company:		
Fixed Income Fund	**53,660,191**	56,074,788

* Investment did not equal 5% or more of the Plan s net assets at year-end.

4. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated February 4, 2003, 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 issuance of the determination letter, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes the Plan is qualified and the related trust is tax-exempt.

5. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, 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.

9

Hormel Foods Corporation

Tax Deferred Investment Plan A

EIN: 41-0319970 Plan: 050

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

October 28, 2006

Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, or Maturity Value		Current Value
Nonpooled separate account:			
Investors Bank & Trust Company:*			
Hormel Stock Fund	2,371,450	units	$ 53,524,474
Insurance company general account:			
Massachusetts Mutual Life Insurance Company:*			
Fixed Income Fund	3,503,145	units	53,660,191
Pooled separate accounts:			
Massachusetts Mutual Life Insurance Company:*			
Aggressive Growth Fund	2,803,541	units	42,883,471
Moderate Growth Fund	2,002,906	units	30,925,527
Select Fundamental Value (Wellington)	129,369	units	18,175,470
Select Small Co Value (Clover/TRP/EARNEST)	95,843	units	16,802,835
Select Large Cap Value Fund (Davis)	59,986	units	11,396,423
Conservative Growth Fund	710,686	units	10,790,702
Select Indexed Equity Fund (Northern Trust)	16,345	units	5,992,717
Select Aggressive Growth Fund (Sands)	73,740	units	4,631,239
Premier Core Bond (Babson Capital)	1,860	units	2,665,672
Conservative Journey	7,946	units	1,124,977
Total pooled separate accounts			145,389,033
Separate trust accounts:			
Investors Bank & Trust Company:*			
American Funds Euro Pacific Fund	998,132	units	21,465,699
American Funds Growth R4 Fund	687,491	units	10,386,282
Manager s Special Equity Fund	719,509	units	9,678,496
Black Rock High Yield Bond	313,252	units	3,557,531
Total separate trust accounts			45,088,008
Self-directed brokerage accounts	Various common stocks, mutual funds, and other investments		8,870,491
Promissory notes*	Various notes from participants, bearing interest at 5.0% to 11.5%, due in various installments through April 2021		6,602,748
Total assets held for investment purposes			$ 313,134,945

* Indicates a party in interest to the Plan.

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.

HORMEL FOODS CORPORATION
TAX DEFERRED INVESTMENT PLAN A

Date:	April 23, 2007	By:	/s/ JODY H. FERAGEN JODY H. FERAGEN Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	**Description**
23	Consent of Independent Registered Public Accounting Firm

12