

## **HORMEL FOODS CORPORATION AUDIT COMMITTEE CHARTER**

### **PURPOSE**

The purposes of the Audit Committee are to report to the Board of Directors in its oversight of the integrity of the Corporation's financial statements, the Corporation's compliance with legal and regulatory requirements, to select the independent auditor, and determine the independent auditor's qualifications and independence, and the performance of the Corporation's internal audit function and independent auditor; and to produce an annual report for inclusion in the corporation's proxy statement, in accordance with applicable rules and regulations.

### **MEMBERSHIP**

The Committee will consist of three or more independent members of the Board appointed from time to time by the Board. The Committee will consist solely of nonemployee Directors who meet the independence and experience requirements of the Securities and Exchange Commission and the New York Stock Exchange. Members of the Committee are subject to removal at any time by a majority of the Board. Any resulting vacancy may be filled by the Board.

### **DUTIES AND RESPONSIBILITIES**

The Committee is not responsible for preparing financial statements or performing audits, and its members are not auditors or certifiers of the Corporation's financial statements.

The Committee will:

1. Select the Corporation's independent auditor (subject to stockholder ratification of the selection, if such ratification is required or sought), approve the fees to be paid to such firm, and terminate such firm when circumstances warrant.
2. Review and discuss with the independent auditor the scope and plans for its audit examination, approve its services provided, its audit procedures, and the results of the annual audit examination, including any accompanying management letters.
3. Evaluate the independent auditor's qualifications, performance and independence on an ongoing basis, but no less frequently than once per year.
4. Establish policies and procedures for, and, as appropriate, approve the engagement of, the independent auditor for any nonaudit service (to the extent such service is not prohibited by Section 10A(g) of the Securities Exchange Act of 1934, as amended) and the fee for such service, and consider whether the independent auditor's performance of any nonaudit services is compatible with its independence.
5. At least annually, obtain and review a report by the independent auditor describing:
  - The independent auditor's internal quality-control procedures.
  - Any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor's firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years,

respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues.

- All relationships between the independent auditor and the Corporation.
6. Review and discuss with management and the independent auditor the Corporation's annual audited financial statements and quarterly financial statements, including the Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing or release of such financial statements.
  7. Recommend to the Board whether, based on the review and discussions described in paragraphs (5) and (6) above, the annual audited financial statements should be included in the Corporation's annual report on Form 10-K.
  8. Regularly review with the independent auditor any audit problems or difficulties and management's response (including any restrictions on the scope of the independent auditor's activities or on access to requested information and any significant disagreements with management), and resolve disagreements between management and the independent auditor regarding financial reporting.
  9. Review the means of safeguarding assets of the Corporation and verify the existence of such assets.
  10. Review operations and programs to ascertain whether results are consistent with established goals and objectives.
  11. Establish clear hiring policies for employees or former employees of the independent auditor.
  12. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.
  13. Meet at least quarterly with management, the internal auditors and the independent auditor in separate executive sessions.
  14. Generally discuss the types of information to be disclosed and the type of presentation to be made with respect to earnings press releases and financial information and earnings guidance provided to analysts and rating agencies.
  15. Discuss policies with respect to risk assessment and risk management and generally review processes established by management to manage and assess risk.
  16. Oversee the Corporation's Code of Ethical Business Conduct, which will include (but not be limited to) a code of ethics for senior financial officers as contemplated by Section 406(c) of the Sarbanes-Oxley Act of 2002.
  17. Produce an annual report for inclusion in the Corporation's proxy statement, in accordance with applicable rules and regulations.

18. Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.
19. Conduct an annual performance evaluation of the Committee, in connection with which the Committee will review on a retrospective basis:
  - Major issues regarding accounting principles and financial statement presentations, including any significant change in the Corporation's selection or application of accounting principles.
  - Major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies.
  - Analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
  - The effect on the financial statements of regulatory and accounting initiatives and off-balance sheet structures.
  - Earnings press releases (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies.
20. As appropriate, obtain advice and assistance from outside legal, accounting or other advisors.

The Committee will provide regular reports of its activities to the Board, specifically addressing any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's independent auditors, or the performance of the internal audit function.

#### **MEETINGS**

The Committee will meet four times annually, or more frequently as circumstances dictate. A majority of the members of the Committee will constitute a quorum for the transaction of business.

#### **RESOURCES AND AUTHORITY**

The Committee will have the resources and authority to discharge its responsibilities, including sole authority to:

- Retain and terminate the independent auditor, which will be accountable to and report to the Committee.
- Approve any nonaudit relationship with the independent auditor, other than any relationship to provide services prohibited by Section 10A(g) of the Securities Exchange Act of 1934, as amended.

- Approve all audit engagement fees and terms.

In addition, the Committee will have authority to:

- Conduct or authorize investigations into any matters within its scope of responsibilities.
- Engage outside auditors for special audits, reviews and other procedures.
- Retain special counsel and other experts and consultants to advise the Committee.
- Approve the fees and other retention terms for such parties.

The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee has the authority to use other resources either within or outside the Corporation to address special circumstances when appropriate.

The Committee may delegate its authority to subcommittees established by the Committee from time to time, which subcommittees will consist of one or more members of the Committee and will report to the Committee.

#### **ADOPTION OF CHARTER**

This Charter was originally adopted by the Board of Directors on November 25, 2002.