foods for the way we live

Specialty Foods

Don Kremin
Group Vice President
Specialty Foods Group Purpose

- Growth
- Diversification
- Operational synergies

Growth
CytoSport®

Diversification
Century Foods International
Hormel HealthLabs
Diamond Crystal Sales, LLC

Operational synergies
Hormel Foods

Specialty Products
Performance

Drivers

• Leverage segment assets
• Splenda exit
• CytoSport acquisition

*2015 sales number is estimated based on 5% organic growth plus expected addition of CytoSport
Portfolio & Vision

Balanced Portfolio

Growth Platform
- Health and Nutrition 54%*

Legacy Portfolio
- Core 46%*

- Specialty Products

**Projected 2015 segment profit percentage**
Balanced Growth Strategies

**Health and Nutrition**

- Grow Muscle Milk Franchise
- Realize Synergies between CytoSport and Century Foods
- Grow Hormel Health Labs

**Core**

- Utilize capacity and innovate
- Expand margins by offering branded solutions
- Expand value-added ingredients
Core - Offer Branded Solutions

- Kid’s Kitchen
- Emeril

- Café Delight
- Wholesome
Health and Nutrition Consumer Strategy

Core strategy based on linking protein to consumer need for various levels of activity

Protein

Least Active Lifestyle

Recovery
- Recovering patient, aiming to get back to normal function

Active
- Active lifestyle, workout 2-3 times a week

Most Active Lifestyle

Performance
- Physical performance important aspect of life, workout every day
Delivering Franchise Growth

- #1 brand for Dysphagia
- Expand domestic distribution
- Innovate
- Develop new trade channels
Why CytoSport?

- #1 brand ready-to-drink
- Relationship with Century Foods
Channels of Trade

Specialty
22% of sales

DSD
38% of sales

FDM* and Club
40% of sales

*Food, Drug, and Mass channels
State of the Acquired Business

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Challenges</th>
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<tbody>
<tr>
<td>• Growing category</td>
<td></td>
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<tr>
<td>• Distribution voids in FDM</td>
<td></td>
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<tr>
<td>• Synergies with Century Foods</td>
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<tr>
<td>• Weak state of Specialty &amp; Club channel</td>
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<tr>
<td>• Lack of innovation</td>
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2015 Focus

• Realize synergies between CytoSport and Century Foods
• Launch new items for all sales channels
• Complete rebranding in specialty channel
• Develop sales in FDM channel
CytoSport and Century Foods Synergies

1. Improved asset and capacity utilization
2. Improved customer service
3. Synergy gains
Innovation in All Sales Channels

FDM and Club

DSD

Specialty Channel
Rebranding in Specialty Channel

Success with Monster Launch
Develop Sales in FDM and Club

Leveraged Hormel Foods competency in FDM and Club to drive incremental sales
Muscle Milk brand share the last 4 weeks is at 33%, with dollar sales up + 6%, and the category with growth of + 5%

<table>
<thead>
<tr>
<th></th>
<th>Dollar % Growth</th>
<th>Dollar Share</th>
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<tbody>
<tr>
<td></td>
<td>Last 12Wks</td>
<td>Last 4Wks</td>
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<tr>
<td>Single Serve</td>
<td>+ 6%</td>
<td>+ 3%</td>
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<tr>
<td>Take Home</td>
<td>+ 14%</td>
<td>+ 13%</td>
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<tr>
<td>RTD Total</td>
<td>+ 8%</td>
<td>+ 5%</td>
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<tr>
<td>Powder</td>
<td>+ 18%</td>
<td>+ 14%</td>
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<tr>
<td>RTD + Powder Total</td>
<td>+ 9%</td>
<td>+ 6%</td>
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Source: Nielsen Last 12/4Wks Ending 3/21/2015; US AOC + Convenience Total
Future Growth

**Health and Nutrition**

- Grow Muscle Milk Franchise
- Realize Synergies between CytoSport and Century Foods
- Grow Hormel Health Labs

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