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Foodservice Division

Hormel Foods Corporation, LLC  
19 Trofello Lane  
Aliso Viejo, California 92656

February 26, 2008

Good On Ya Deli  
Kris Fillat - President  
3611 Valley Centre Drive  
San Diego, CA. 92130

Dear Kris,

Thank you for providing Dyann and I with consumer response in regards to the NATURAL CHOICE® deli line. I understand that, while Hormel Foods is a leader in the industry for innovation and quality, customers may choose to associate the brand with negative connotations. It is true; Hormel Foods is a company that focuses on a diverse number of consumer segments, from the economical priced grocery products to expensive, high end deli products. I wanted to give you a full bio on Hormel Foods and our commitment to excellence. Hopefully, you can share this with your customers so that they may see the effort you are putting into providing high-end products.

Dyann briefly explained to you via email our success during the period following the World War II. George A. Hormel & Company enjoyed a decade of extraordinary peace and prosperity. Consumer appetites seemed insatiable, and the company added plants and boosted production to keep pace. *Mary Kitchen*® roast beef and corned beef hash and *Hormel*® deviled ham entered the marketplace during this time. By 1959, Hormel Foods had sold its billionth can of *SPAM*® luncheon meat. The 1950s and 1960s was an exciting era of plant and product proliferation, as Hormel Foods truly became a national brand name. The 1970s heralded a decade of unprecedented growth and investment in equipment and facilities at Hormel Foods. An assortment of new products, many of them line extensions geared for specific market segments, were introduced. A standard in quality and family favorites *Cure 81*® ham found its way to consumers' tables. The combination of the company's continued efforts in marketing and advertising, its new, people-pleasing products and ongoing construction of new, efficient plants contributed to solid sales and earnings growth.<sup>1</sup>

Perhaps most importantly, the last twenty-five years have seen intense competition, tantalizing new product introductions, and what some might call the "reinvention" of Hormel Foods. Since 1980, Hormel Foods has consistently posted new records in sales, earnings and earnings per share. Key to our success is the dedication of Research & Development resources toward responding to consumer trends that call for healthy, highly portable, convenient, single-serve and microwaveable products. At Hormel Foods, our willingness to innovate with ambitious new product introductions and experiment with leading-edge packaging technologies has paid off in product success, but more importantly, in terms of providing our consumers with products that meet their lifestyle needs.<sup>2</sup> A few examples of innovation include Always Tender Pork, DiLusso Deli Products, Hormel Performance Pepperoni and Old Smokehouse Summer Sausage.

Most recently, Hormel Foods Corporation has taken the category of deli meats to a new level with its 100-percent natural, reduced sodium Hormel NATURAL CHOICE® deli meats. Hormel Foods' new, completely natural line eliminates all preservatives and reduces the amount of sodium by up to 45 percent as compared to existing sliced meat products on the market. The development of Hormel NATURAL CHOICE® was in part made possible by Hormel Foods' TrueTaste™ Technology, the application of high pressure processing (HPP) after the pre-sliced meats are packaged.

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<sup>1</sup> <http://hormelfoods.com/about/history/historyOfInnovation.aspx>

<sup>2</sup> <http://hormelfoods.com/about/history/theHormelFoodsStory.aspx>

Hormel Foods was the first national manufacturer in the sliced meat category to commercialize HPP in 2005, with its application to the Bread Ready® sliced meats products. As a result of this innovation, Hormel Foods foodservice group was awarded the respected 2006 NSF Food Safety Leadership Award. The award recognizes groundbreaking achievements throughout the food industry. Thanks to TrueTaste™ Technology, the meat's food safety is greatly enhanced and the products can be stored refrigerated, not frozen, for up to 120 days. The elimination of all preservatives in the Natural Choice ® deli line, as well as the reduction of sodium, results in a product with a truer meat flavor.

Hormel Food is proud to be a multinational manufacturer and marketer of consumer-branded food and meat products, many of which are among the best known and trusted in the food industry. In each of the past six years, Hormel Foods was named one of "The 400 Best Big Companies in America" by Forbes magazine. Other recent awares include: *Progressive Grocer's Editor's Choice Award*, *Progressive Grocer's Category Captain Award for Perimeter Fixed & Variable Meats*, *A National Provisioner 2006 Deli Processing awards recipient*, *Fitness Magazine's Healthy Food Awards - Best Sliced Ham*, and *Men's Health Magazine 2007 Nutrition Award - Best Packaged Cold Cuts*. I urge you to visit both <http://www.hormelfoodservice.com> and <http://www.hormelfoods.com> to read more about the company history and our efforts to focus on a myriad of industry needs.

I am putting together a good amount of point-of-sale materials so that your customers can better understand the reasoning you switched to Hormel Natural Choice ®. It is definitely a higher-cost, high quality product. Dyann & I will both do our utmost to help your customer base understand you moved to the Hormel line in an effort to provide clean, safe and great-tasting product, not to save cost or tighten margins. I urge you to share the contents of this letter if your customers need education on the product mix you are serving.

As always, it is a pleasure working with you. Please let me know if you have any questions.

Sincerely,

*W.J. Polek*

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