



DATE: January 14, 2011
TO: Permit Holders
FROM: Scott Speer

RE: **Hormel Foods Corporation ("HRL")**
2-for-1 Stock Split
Ex-Distribution Date: February 15, 2011

Hormel Foods Corporation ("HRL") has announced a 2-for-1 common stock split, with a payable date of February 14, 2011, to shareholders of record January 31, 2011. The ex-date for the stock split is Tuesday, February 15, 2011.

Contract Adjustment

Pursuant to OCC rules (Article VI, Section 11), all outstanding HRL option series will be adjusted to reflect this 2-for-1 stock split on Tuesday, February 15, 2011, at 8:30 A.M. Chicago time. The OCC will issue one additional contract for each open contract on the ex-date. Also on the ex-date, each HRL series will have an adjusted exercise price equal to one-half of the exercise price rounded to the nearest 100th of a point for each HRL series existing on the business day immediately prior to the ex-date. The option symbol will remain the same. Adjusted exercise prices are shown below. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

The option adjustment will appear in the Daily Position Report of the clearing member firms on the ex-date. After 8:30 A.M. Tuesday, February 15, 2011, all trades, corrections, and exercises must be submitted to the CBOE and OCC on an adjusted basis.

Adjusted Exercise Prices

On Tuesday, February 15, 2011, the ex-distribution date, trading in HRL series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:

EXISTING SERIES				ADJUSTED SERIES*				
100 Shares				100 Shares				
HRL	40.00	2011-02-19	C/P	=>	HRL	20.00	2011-02-19	C/P
HRL	45.00	2011-02-19	C/P	=>	HRL	22.50	2011-02-19	C/P
HRL	50.00	2011-02-19	C/P	=>	HRL	25.00	2011-02-19	C/P
HRL	55.00	2011-02-19	C/P	=>	HRL	27.50	2011-02-19	C/P
HRL	60.00	2011-02-19	C/P	=>	HRL	30.00	2011-02-19	C/P
HRL	30.00	2011-03-19	C/P	=>	HRL	15.00	2011-03-19	C/P
HRL	35.00	2011-03-19	C/P	=>	HRL	17.50	2011-03-19	C/P
HRL	40.00	2011-03-19	C/P	=>	HRL	20.00	2011-03-19	C/P
HRL	45.00	2011-03-19	C/P	=>	HRL	22.50	2011-03-19	C/P
HRL	50.00	2011-03-19	C/P	=>	HRL	25.00	2011-03-19	C/P
HRL	55.00	2011-03-19	C/P	=>	HRL	27.50	2011-03-19	C/P
HRL	35.00	2011-06-18	C/P	=>	HRL	17.50	2011-06-18	C/P

EXISTING SERIES					ADJUSTED SERIES*				
100 Shares					100 Shares				
HRL	40.00	2011-06-18	C/P	=>	HRL	20.00	2011-06-18	C/P	
HRL	45.00	2011-06-18	C/P	=>	HRL	22.50	2011-06-18	C/P	
HRL	50.00	2011-06-18	C/P	=>	HRL	25.00	2011-06-18	C/P	
HRL	55.00	2011-06-18	C/P	=>	HRL	27.50	2011-06-18	C/P	
HRL	40.00	2011-09-17	C/P	=>	HRL	20.00	2011-09-17	C/P	
HRL	45.00	2011-09-17	C/P	=>	HRL	22.50	2011-09-17	C/P	
HRL	50.00	2011-09-17	C/P	=>	HRL	25.00	2011-09-17	C/P	
HRL	55.00	2011-09-17	C/P	=>	HRL	27.50	2011-09-17	C/P	
HRL	60.00	2011-09-17	C/P	=>	HRL	30.00	2011-09-17	C/P	

Any additional HRL series that are added prior to the ex-date will also be adjusted in the manner described above.

GTC Order Conversion

On Monday, February 14, 2011, immediately after the CBOE close, the system will convert or cancel all resting orders in the HRL order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustments. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

Position and Exercise Limits

The CBOE Department of Market Regulation has determined that: "The position and exercise limits following this stock split will be any combination of HRL option contracts on the same side of the market not to exceed 150,000 contracts (15,000,000 shares) through September 17, 2011. Following the September 2011 expiration, the position and exercise limits will decrease to the standard limit of 75,000 contracts (7,500,000 shares) of HRL."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

<http://www.cboe.com/ContractAdjustments>