EXECUTE SUCCESS℠

CBOE Research Circular #RS13-011

Date: January 7, 2013

To: Permit Holders
From: Scott Speer
RE: Lorillard, Inc. ("LO")
3-for-1 Common Stock Split
Ex-Distribution Date: January 16, 2013

Lorillard, Inc. ("LO") has announced a 3-for-1 common stock split, with a payable date of January 15, 2013, to shareholders of record December 14, 2012. The ex-date for the common stock split is Wednesday, January 16, 2013.

Contract Adjustment

Pursuant to OCC rules (Article VI, Section 11 and 11A), all outstanding LO option series will be adjusted to reflect this 3-for-1 common stock split on Wednesday, January 16, 2013, at 8:30 A.M. Chicago time. The OCC will issue two additional contracts for each open contract on the ex-date. Also on the ex-date, each LO series will have an adjusted exercise price equal to one-third of the exercise price rounded to the nearest 1/100th of a point for each LO 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. Wednesday, January 16, 2013, all trades, corrections, and exercises must be submitted to the CBOE and OCC on an adjusted basis.

Adjusted Exercise Prices

On Wednesday, January 16, 2013, the ex-distribution date, trading in LO 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 100 Shares					ADJUSTED SERIES* 100 Shares			
LO	47.50	2013-01-19	C/P	=>	LO	15.83	2013-01-19	C/P
LO	50.00	2013-01-19	C/P	=>	LO	16.67	2013-01-19	C/P
LO	55.00	2013-01-19	C/P	=>	LO	18.33	2013-01-19	C/P
LO	60.00	2013-01-19	C/P	=>	LO	20.00	2013-01-19	C/P
LO	65.00	2013-01-19	C/P	=>	LO	21.67	2013-01-19	C/P
LO	70.00	2013-01-19	C/P	=>	LO	23.33	2013-01-19	C/P
LO	75.00	2013-01-19	C/P	=>	LO	25.00	2013-01-19	C/P
LO	80.00	2013-01-19	C/P	=>	LO	26.67	2013-01-19	C/P
LO	85.00	2013-01-19	C/P	=>	LO	28.33	2013-01-19	C/P
LO	87.50	2013-01-19	C/P	=>	LO	29.17	2013-01-19	C/P
LO	90.00	2013-01-19	C/P	=>	LO	30.00	2013-01-19	C/P
LO	92.50	2013-01-19	C/P	=>	LO	30.83	2013-01-19	C/P
LO	95.00	2013-01-19	C/P	=>	LO	31.67	2013-01-19	C/P
LO	97.50	2013-01-19	C/P	=>	LO	32.50	2013-01-19	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 100 Shares			
LO	100.00	2013-01-19	C/P	=>	LO	33.33	2013-01-19	C/P
LO	105.00	2013-01-19	C/P	=>	LO	35.00	2013-01-19	C/P
LO	110.00	2013-01-19	C/P	=>	LO	36.67	2013-01-19	C/P
LO	115.00	2013-01-19	C/P	=>	LO	38.33	2013-01-19	C/P
LO	120.00	2013-01-19	C/P	=>	LO	40.00	2013-01-19	C/P
LO	125.00	2013-01-19	C/P	=>	LO	41.67	2013-01-19	C/P
LO	130.00	2013-01-19	C/P	=>	LO	43.33	2013-01-19	C/P
LO	135.00	2013-01-19	C/P	=>	LO	45.00	2013-01-19	C/P
LO	140.00	2013-01-19	C/P	=>	LO	46.67	2013-01-19	C/P
LO	145.00	2013-01-19	C/P	=>	LO	48.33	2013-01-19	C/P
LO	150.00	2013-01-19	C/P	=>	LO	50.00	2013-01-19	C/P
LO	155.00	2013-01-19	C/P	=>	LO	51.67	2013-01-19	C/P
LO	160.00	2013-01-19	C/P	=>	LO	53.33	2013-01-19	C/P
LO	165.00	2013-01-19	C/P	=>	LO	55.00	2013-01-19	C/P
LO	170.00	2013-01-19	C/P	=>	LO	56.67	2013-01-19	C/P
LO	175.00	2013-01-19	C/P	=>	LO	58.33	2013-01-19	C/P
LO	180.00	2013-01-19	C/P	=>	LO	60.00	2013-01-19	C/P
LO	185.00	2013-01-19	C/P	=>	LO	61.67	2013-01-19	C/P
LO	190.00	2013-01-19	C/P	=>	LO	63.33	2013-01-19	C/P
LO	195.00	2013-01-19	C/P	=>	LO	65.00	2013-01-19	C/P
LO	200.00	2013-01-19	C/P	=>	LO	66.67	2013-01-19	C/P
LO	70.00	2013-02-16	C/P	=>	LO	23.33	2013-02-16	C/P
LO	75.00	2013-02-16	C/P	=>	LO	25.00	2013-02-16	C/P
LO	80.00	2013-02-16	C/P	=>	LO	26.67	2013-02-16	C/P
LO	85.00	2013-02-16	C/P	=>	LO	28.33	2013-02-16	C/P
LO	90.00	2013-02-16	C/P	=>	LO	30.00	2013-02-16	C/P
LO	95.00	2013-02-16	C/P	=>	LO	31.67	2013-02-16	C/P
LO	100.00	2013-02-16	C/P	=>	LO	33.33	2013-02-16	C/P
LO	105.00	2013-02-16	C/P	=>	LO	35.00	2013-02-16	C/P
LO	110.00	2013-02-16	C/P	=>	LO	36.67	2013-02-16	C/P
LO	115.00	2013-02-16	C/P	=>	LO	38.33	2013-02-16	C/P
LO	120.00	2013-02-16	C/P	=>	LO	40.00	2013-02-16	C/P
LO	125.00	2013-02-16	C/P	=>	LO	41.67	2013-02-16	C/P
LO	130.00	2013-02-16	C/P	=>	LO	43.33	2013-02-16	C/P
LO	135.00	2013-02-16	C/P	=>	LO	45.00	2013-02-16	C/P
LO	140.00	2013-02-16	C/P	=>	LO	46.67	2013-02-16	C/P
LO	145.00	2013-02-16	C/P	=>	LO	48.33	2013-02-16	C/P
LO	150.00	2013-02-16	C/P	=>	LO	50.00	2013-02-16	C/P
LO	155.00	2013-02-16	C/P	=>	LO	51.67	2013-02-16	C/P
LO	160.00	2013-02-16	C/P	=>	LO	53.33	2013-02-16	C/P
LO	165.00	2013-02-16	C/P	=>	LO	55.00	2013-02-16	C/P
LO	170.00	2013-02-16	C/P	=>	LO	56.67	2013-02-16	C/P
LO	60.00	2013-03-16	C/P	=>	LO	20.00	2013-03-16	C/P
LO	65.00	2013-03-16	C/P	=>	LO	21.67	2013-03-16	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 100 Shares			
LO	70.00	2013-03-16	C/P	=>	LO	23.33	2013-03-16	C/P
LO	75.00	2013-03-16	C/P	=>	LO	25.00	2013-03-16	C/P
LO	80.00	2013-03-16	C/P	=>	LO	26.67	2013-03-16	C/P
LO	85.00	2013-03-16	C/P	=>	LO	28.33	2013-03-16	C/P
LO	90.00	2013-03-16	C/P	=>	LO	30.00	2013-03-16	C/P
LO	95.00	2013-03-16	C/P	=>	LO	31.67	2013-03-16	C/P
LO	100.00	2013-03-16	C/P	=>	LO	33.33	2013-03-16	C/P
LO	105.00	2013-03-16	C/P	=>	LO	35.00	2013-03-16	C/P
LO	110.00	2013-03-16	C/P	=>	LO	36.67	2013-03-16	C/P
LO	115.00	2013-03-16	C/P	=>	LO	38.33	2013-03-16	C/P
LO	120.00	2013-03-16	C/P	=>	LO	40.00	2013-03-16	C/P
LO	125.00	2013-03-16	C/P	=>	LO	41.67	2013-03-16	C/P
LO	130.00	2013-03-16	C/P	=>	LO	43.33	2013-03-16	C/P
LO	135.00	2013-03-16	C/P	=>	LO	45.00	2013-03-16	C/P
LO	140.00	2013-03-16	C/P	=>	LO	46.67	2013-03-16	C/P
LO	145.00	2013-03-16	C/P	=>	LO	48.33	2013-03-16	C/P
LO	150.00	2013-03-16	C/P	=>	LO	50.00	2013-03-16	C/P
LO	155.00	2013-03-16	C/P	=>	LO	51.67	2013-03-16	C/P
LO	160.00	2013-03-16	C/P	=>	LO	53.33	2013-03-16	C/P
LO	165.00	2013-03-16	C/P	=>	LO	55.00	2013-03-16	C/P
LO	170.00	2013-03-16	C/P	=>	LO	56.67	2013-03-16	C/P
LO	175.00	2013-03-16	C/P	=>	LO	58.33	2013-03-16	C/P
LO	180.00	2013-03-16	C/P	=>	LO	60.00	2013-03-16	C/P
LO	60.00	2013-06-22	C/P	=>	LO	20.00	2013-06-22	C/P
LO	65.00	2013-06-22	C/P	=>	LO	21.67	2013-06-22	C/P
LO	70.00	2013-06-22	C/P	=>	LO	23.33	2013-06-22	C/P
LO	75.00	2013-06-22	C/P	=>	LO	25.00	2013-06-22	C/P
LO	80.00	2013-06-22	C/P	=>	LO	26.67	2013-06-22	C/P
LO	85.00	2013-06-22	C/P	=>	LO	28.33	2013-06-22	C/P
LO	90.00	2013-06-22	C/P	=>	LO	30.00	2013-06-22	C/P
LO	95.00	2013-06-22	C/P	=>	LO	31.67	2013-06-22	C/P
LO	100.00	2013-06-22	C/P	=>	LO	33.33	2013-06-22	C/P
LO	105.00	2013-06-22	C/P	=>	LO	35.00	2013-06-22	C/P
LO	110.00	2013-06-22	C/P	=>	LO	36.67	2013-06-22	C/P
LO	115.00	2013-06-22	C/P	=>	LO	38.33	2013-06-22	C/P
LO	120.00	2013-06-22	C/P	=>	LO	40.00	2013-06-22	C/P
LO	125.00	2013-06-22	C/P	=>	LO	41.67	2013-06-22	C/P
LO	130.00	2013-06-22	C/P	=>	LO	43.33	2013-06-22	C/P
LO	135.00	2013-06-22	C/P	=>	LO	45.00	2013-06-22	C/P
LO	140.00	2013-06-22	C/P	=>	LO	46.67	2013-06-22	C/P
LO	145.00	2013-06-22	C/P	=>	LO	48.33	2013-06-22	C/P
LO	150.00	2013-06-22	C/P	=>	LO	50.00	2013-06-22	C/P
LO	155.00	2013-06-22	C/P	=>	LO	51.67	2013-06-22	C/P
LO	160.00	2013-06-22	C/P	=>	LO	53.33	2013-06-22	C/P
LO	165.00	2013-06-22	C/P	=>	LO	55.00	2013-06-22	C/P

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 100 Shares			
2014 LEAPS								
LO	55.00	2014-01-18	C/P	=>	LO	18.33	2014-01-18	C/P
LO	60.00	2014-01-18	C/P	=>	LO	20.00	2014-01-18	C/P
LO	65.00	2014-01-18	C/P	=>	LO	21.67	2014-01-18	C/P
LO	70.00	2014-01-18	C/P	=>	LO	23.33	2014-01-18	C/P
LO	75.00	2014-01-18	C/P	=>	LO	25.00	2014-01-18	C/P
LO	80.00	2014-01-18	C/P	=>	LO	26.67	2014-01-18	C/P
LO	85.00	2014-01-18	C/P	=>	LO	28.33	2014-01-18	C/P
LO	90.00	2014-01-18	C/P	=>	LO	30.00	2014-01-18	C/P
LO	95.00	2014-01-18	C/P	=>	LO	31.67	2014-01-18	C/P
LO	100.00	2014-01-18	C/P	=>	LO	33.33	2014-01-18	C/P
LO	105.00	2014-01-18	C/P	=>	LO	35.00	2014-01-18	C/P
LO	110.00	2014-01-18	C/P	=>	LO	36.67	2014-01-18	C/P
LO	115.00	2014-01-18	C/P	=>	LO	38.33	2014-01-18	C/P
LO	120.00	2014-01-18	C/P	=>	LO	40.00	2014-01-18	C/P
LO	125.00	2014-01-18	C/P	=>	LO	41.67	2014-01-18	C/P
LO	130.00	2014-01-18	C/P	=>	LO	43.33	2014-01-18	C/P
LO	135.00	2014-01-18	C/P	=>	LO	45.00	2014-01-18	C/P
LO	140.00	2014-01-18	C/P	=>	LO	46.67	2014-01-18	C/P
LO	145.00	2014-01-18	C/P	=>	LO	48.33	2014-01-18	C/P
LO	150.00	2014-01-18	C/P	=>	LO	50.00	2014-01-18	C/P
LO	155.00	2014-01-18	C/P	=>	LO	51.67	2014-01-18	C/P
LO	160.00	2014-01-18	C/P	=>	LO	53.33	2014-01-18	C/P
LO	165.00	2014-01-18	C/P	=>	LO	55.00	2014-01-18	C/P
LO	170.00	2014-01-18	C/P	=>	LO	56.67	2014-01-18	C/P
LO	175.00	2014-01-18	C/P	=>	LO	58.33	2014-01-18	C/P
LO	180.00	2014-01-18	C/P	=>	LO	60.00	2014-01-18	C/P
LO	185.00	2014-01-18	C/P	=>	LO	61.67	2014-01-18	C/P
LO	190.00	2014-01-18	C/P	=>	LO	63.33	2014-01-18	C/P
LO	195.00	2014-01-18	C/P	=>	LO	65.00	2014-01-18	C/P
LO	200.00	2014-01-18	C/P	=>	LO	66.67	2014-01-18	C/P
2015 LEAPS								
LO	60.00	2015-01-17	C/P	=>	LO	20.00	2015-01-17	C/P
LO	65.00	2015-01-17	C/P	=>	LO	21.67	2015-01-17	C/P
LO	70.00	2015-01-17	C/P	=>	LO	23.33	2015-01-17	C/P
LO	75.00	2015-01-17	C/P	=>	LO	25.00	2015-01-17	C/P
LO	80.00	2015-01-17	C/P	=>	LO	26.67	2015-01-17	C/P
LO	85.00	2015-01-17	C/P	=>	LO	28.33	2015-01-17	C/P
LO	90.00	2015-01-17	C/P	=>	LO	30.00	2015-01-17	C/P
LO	95.00	2015-01-17	C/P	=>	LO	31.67	2015-01-17	C/P
LO	100.00	2015-01-17	C/P	=>	LO	33.33	2015-01-17	C/P
LO	105.00	2015-01-17	C/P	=>	LO	35.00	2015-01-17	C/P
LO	110.00	2015-01-17	C/P	=>	LO	36.67	2015-01-17	C/P
LO	115.00	2015-01-17	C/P	=>	LO	38.33	2015-01-17	C/P

	EXISTING SERIES 100 Shares					ADJUSTED SERIES* 100 Shares		
2015 LEAPS								
LO	120.00	2015-01-17	C/P	=>	LO	40.00	2015-01-17	C/P
LO	125.00	2015-01-17	C/P	=>	LO	41.67	2015-01-17	C/P
LO	130.00	2015-01-17	C/P	=>	LO	43.33	2015-01-17	C/P
LO	135.00	2015-01-17	C/P	=>	LO	45.00	2015-01-17	C/P
LO	140.00	2015-01-17	C/P	=>	LO	46.67	2015-01-17	C/P
LO	145.00	2015-01-17	C/P	=>	LO	48.33	2015-01-17	C/P
LO	150.00	2015-01-17	C/P	=>	LO	50.00	2015-01-17	C/P
LO	155.00	2015-01-17	C/P	=>	LO	51.67	2015-01-17	C/P
LO	160.00	2015-01-17	C/P	=>	LO	53.33	2015-01-17	C/P
LO	165.00	2015-01-17	C/P	=>	LO	55.00	2015-01-17	C/P
LO	170.00	2015-01-17	C/P	=>	LO	56.67	2015-01-17	C/P
LO	175.00	2015-01-17	C/P	=>	LO	58.33	2015-01-17	C/P

Any additional LO series that are added prior to the ex-date (*e.g.*, the February series) will also be adjusted in the manner described above.

GTC Order Conversion

On Tuesday, January 15, 2013, immediately after the CBOE close, the system will convert or cancel all resting orders in the LO 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.

IMPORTANT – Order Entry After Adjustment

Please note that at the time of the adjustment, the strike prices of all LO options will be reduced by one-third, and OCC will issue two additional contracts for each open contract on the ex-date. At 8:30 A.M., Chicago time, on Wednesday, January 16, 2013, all outstanding LO 50 options will become LO 16.67 options, and LO 150 options will become LO 50 options. Any LO 50 positions opened prior to the ex-date that are closed out on or after the ex-date must be closed out as LO 16.67 options. Negligence in this matter could lead customers to establish new positions in the LO 50 options rather than closing out then-existing positions in the LO 16.67 options.

Strikes that will be affected by the adjustment in the manner described above are included in the table below. Members should be aware of the potential for confusion respecting any of the related pairs of strikes shown below, and should be cautious in this regard.

Existing	->	**Adjusted**	**&**	**Existing**	->	**Adjusted**
50	->	16.67		150	->	50
55	->	18.33		165	->	55
60	->	20		180	->	60
65	->	21.67		195	->	65

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 LO on the same side of the market not to exceed 37,500,000 shares through January 17, 2015. Following the January 2015 expiration, the position and exercise limits will revert to the standard limit of 250,000 contracts (25,000,000 shares) of LO."

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