Contract No. _____

HORMEL FOODS CORPORATION

LONG-TERM HOG PROCUREMENT AGREEMENT II

This Long-Term Hog Procurement Agreement II ("Agreement") is made and entered into by and between the undersigned producer of hogs ("Producer") and Hormel Foods Corporation, with its principal offices in Austin, Minnesota ("Hormel Foods"). Hormel Foods desires to obtain butcher hogs from Producer, who wishes to participate in a long-term commitment program. Under this program, Hormel Foods will pay Producer the greater of an established hog production cost, called the "Guaranteed Minimum Price", or the prior week 's average market price, called the "Contract Base Price", except when the Contract Base Price exceeds the Guaranteed Minimum Price and Hormel Foods is in a negative cash position with Producer. In that case, Hormel Foods will retain the difference between the prices and pay Producer the Guaranteed Minimum Price.

1. TERM. The term of this Agreement is for a period of seven (7) years from the date of receipt of the first hogs delivered under this Agreement, subject to extension pursuant to paragraph 5.(a). Both parties recognize that Hormel Foods' payment of a Guaranteed Minimum Price is conditioned upon Producer remaining in the program and performing under this Agreement for the entire term of the contract.

2. PRICE.

(a) The "Guaranteed Minimum Price" shall be the price per live cwt. determined based on costs of corn and soymeal as set forth in the attached Cost Allowance Matrix. As shown in the Cost Allowance Matrix, costs will be subject to weekly changes based on an six (6) week moving average of Omaha corn and Decatur/Central Illinois 44% soymeal prices. The Cost Allowance Matrix is for plant delivered hogs.

(b) The Cost Allowance Matrix will not change during the contract term except if:

(1) corn and soybean quotes are no longer reliable or indicative of actual corn and soymeal markets; or

(2) changes in production practices occur such as the use of Beta Agonist, PST, other feed additives or medications, implementation of new equipment or facilities or any other change which has an impact on production costs; or

(3) any other unpredictable circumstances that affect the Cost Allowance Matrix; or

(4) based upon a regular annual review by Hormel Foods, the Cost Allowance Matrix is determined to no longer accurately reflect hog production efficiencies and costs.

(c) The "Contract Base Price" shall be the average of the prior week's (Monday - Friday) daily 11:00 a.m. Hormel Foods' Grade & Yield plant delivered hog prices.