

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: August 16, 2007

Subject: Hanover Compressor Company (HC) Pending Merger

On Thursday, August 16, 2007, the shareholders of Hanover Compressor Company (HC) will vote to approve the proposed merger with Universal Compression Holdings, Inc. (UCO). Pursuant to the merger terms each HC share will be converted into the right to receive 0.325 of a share of the new combined company, Exterran Holdings, Inc. (EXH). Cash will be paid in lieu of fractional EXH shares. **The merger is anticipated to become effective on Monday, August 20, 2007.**

***The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding HC options will be adjusted as follows:

EFFECTIVE DATE: Option changes are expected to become effective on Tuesday, August 21, 2007
SYMBOL(s): HC/ZHL/LHL becomes FKY/XHV/KPQ respectively
POS/EXERCISE LIMIT: 325,000 contracts until January 2010 expiration; where the limits revert to 75,000 contracts
MULTIPLIER: 100*(eg., Premium of 1.00 = \$100)
NEW DELIVERABLE: 1) 32 Exterran Holdings, Inc. (EXH) Common Shares
 2) Cash in lieu of 0.5 fractional EXH shares.

Hanover Compressor Company (HC) (Before - Date To Be Announced)					Hanover Compressor Company (FKY) (Beginning - Date To Be Announced)				
100 shares HC					(See New Deliverable Above)				
			Calls	Puts				Calls	Puts
HC	AUG	20	HD	TD	FKY	AUG	20	HD	TD
HC	AUG	22 1/2	HX	TX	FKY	AUG	22 1/2	HX	TX
HC	AUG	25	HE	TE	FKY	AUG	25	HE	TE
HC	AUG	30	HF	TF	FKY	AUG	30	HF	TF
HC	SEP	15	IC	UC	FKY	SEP	15	IC	UC
HC	SEP	17 1/2	IW	UW	FKY	SEP	17 1/2	IW	UW
HC	SEP	20	ID	UD	FKY	SEP	20	ID	UD
HC	SEP	22 1/2	IX	UX	FKY	SEP	22 1/2	IX	UX
HC	SEP	25	IE	UE	FKY	SEP	25	IE	UE
HC	SEP	30	IF	UF	FKY	SEP	30	IF	UF
HC	DEC	20	LD	XD	FKY	DEC	20	LD	XD
HC	DEC	22 1/2	LX	XX	FKY	DEC	22 1/2	LX	XX
HC	DEC	25	LE	XE	FKY	DEC	25	LE	XE
HC	DEC	30	LF	XF	FKY	DEC	30	LF	XF
HC	JAN	12 1/2	AV	MV	FKY	JAN	12 1/2	AV	MV
HC	JAN	15	AC	MC	FKY	JAN	15	AC	MC
HC	JAN	17 1/2	AW	MW	FKY	JAN	17 1/2	AW	MW
HC	JAN	20	AD	MD	FKY	JAN	20	AD	MD
HC	JAN	22 1/2	AX	MX	FKY	JAN	22 1/2	AX	MX
HC	JAN	25	AE	ME	FKY	JAN	25	AE	ME
HC	JAN	30	AF	MF	FKY	JAN	30	AF	MF

Hanover Compressor Company (HC)
 (Before - Date To Be Announced)
 100 shares HC

			Calls	Puts
HC	MAR	20	CD	OD
HC	MAR	22 1/2	CX	OX
HC	MAR	25	CE	OE
HC	MAR	30	CF	OF

Hanover Compressor Company (FKY)
 (Beginning - Date To Be Announced)
 (See New Deliverable Above)

			Calls	Puts
FKY	MAR	20	CD	OD
FKY	MAR	22 1/2	CX	OX
FKY	MAR	25	CE	OE
FKY	MAR	30	CF	OF

Hanover Compressor Company - 2009 Leap (HC/ZHL)
 (Before - Date To Be Announced)
 100 shares HC

			Call	Put
ZHL	JAN	12 1/2	AV	MV
ZHL	JAN	15	AC	MC
ZHL	JAN	17 1/2	AW	MW
ZHL	JAN	20	AD	MD
ZHL	JAN	22 1/2	AX	MX
ZHL	JAN	25	AE	ME
ZHL	JAN	30	AF	MF

Hanover Compressor Company - 2009 Leap (HC/XHV)
 (Beginning - Date To Be Announced)
 (See New Deliverable Above)

			Call	Put
XHV	JAN	12 1/2	AV	MV
XHV	JAN	15	AC	MC
XHV	JAN	17 1/2	AW	MW
XHV	JAN	20	AD	MD
XHV	JAN	22 1/2	AX	MX
XHV	JAN	25	AE	ME
XHV	JAN	30	AF	MF

Hanover Compressor Company - 2010 Leap (HC/LHL)
 (Before - Date To Be Announced)
 100 shares HC

			Call	Put
LHL	JAN	15	AC	MC
LHL	JAN	20	AD	MD
LHL	JAN	25	AE	ME
LHL	JAN	30	AF	MF
LHL	JAN	35	AG	MG

Hanover Compressor Company - 2010 Leap (HC/KPQ)
 (Beginning - Date To Be Announced)
 (See New Deliverable Above)

			Call	Put
KPQ	JAN	15	AC	MC
KPQ	JAN	20	AD	MD
KPQ	JAN	25	AE	ME
KPQ	JAN	30	AF	MF
KPQ	JAN	35	AG	MG

Customers should be advised that all Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the effective date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.