

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: December 7, 2007

Subject: Horizon Offshore, Inc. (HOFF/HNQ) Pending Merger With Cal Dive International Inc. (DVR)

On Monday, December 10, 2007, the shareholders of Horizon Offshore, Inc. (HOFF) will vote to approve the proposed merger with Cal Dive International Inc. (DVR). Pursuant to the merger terms each HOFF share will be converted into the right to receive 0.625 DVR common shares and \$9.25 cash. Cash will be paid in lieu of fractional shares. **The merger will become effective on a date to be announced.**

***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 HNQ options will be adjusted as follows:

EFFECTIVE DATE: Option changes are expected to become effective on a date to be announced
SYMBOL(s): HNQ becomes HBJ
STRIKE PRICE: No change
POS/EXERCISE LIMIT: 150,000 contracts until June 2008 expiration; where the limits revert to 75,000
MULTIPLIER: 100*(eg., Premium of 1.00 = \$100)
NEW DELIVERABLE: 1) 62 DVR common shares.
 2) Cash in lieu of 0.5 fractional DVR shares.
 3) \$925.00 cash (\$9.25 x 100)

Horizon Offshore, Inc. (HOFF/HNQ) (Before - Date To Be Announced) 100 shares HOFF					Horizon Offshore, Inc. (HOFF/HBJ) (Beginning - Date To Be Announced) (See New Deliverable Above)				
			Calls	Puts				Calls	Puts
HNQ	DEC	12 1/2	LV	XV	HBJ	DEC	12 1/2	LV	XV
HNQ	DEC	15	LC	XC	HBJ	DEC	15	LC	XC
HNQ	DEC	17 1/2	LW	XW	HBJ	DEC	17 1/2	LW	XW
HNQ	DEC	20	LD	XD	HBJ	DEC	20	LD	XD
HNQ	DEC	22 1/2	LX	XX	HBJ	DEC	22 1/2	LX	XX
HNQ	DEC	25	LE	XE	HBJ	DEC	25	LE	XE
HNQ	JAN	15	AC	MC	HBJ	JAN	15	AC	MC
HNQ	JAN	17 1/2	AW	MW	HBJ	JAN	17 1/2	AW	MW
HNQ	JAN	20	AD	MD	HBJ	JAN	20	AD	MD
HNQ	MAR	12 1/2	CV	OV	HBJ	MAR	12 1/2	CV	OV
HNQ	MAR	15	CC	OC	HBJ	MAR	15	CC	OC
HNQ	MAR	17 1/2	CW	OW	HBJ	MAR	17 1/2	CW	OW
HNQ	MAR	20	CD	OD	HBJ	MAR	20	CD	OD
HNQ	MAR	22 1/2	CX	OX	HBJ	MAR	22 1/2	CX	OX
HNQ	JUN	15	FC	RC	HBJ	JUN	15	FC	RC
HNQ	JUN	17 1/2	FW	RW	HBJ	JUN	17 1/2	FW	RW
HNQ	JUN	20	FD	RD	HBJ	JUN	20	FD	RD

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.