

MEMORANDUM

To: All Option Members, Member Organizations and ROTs  
 From: Market Watch  
 Date: December 11, 2007  
 Subject: Horizon Offshore, Inc. (HOFF/HNQ) Merger With Cal Dive International Inc. (DVR) **EFFECTIVE**

On Monday, December 10, 2007, the shareholders of Horizon Offshore, Inc. (HOFF) voted 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 became effective prior to the opening of business on Tuesday, December 11, 2007.**

**Please note that HNQ options will continue to trade TODAY, BUT will reflect the adjusted deliverable as indicated below. Beginning Wednesday, December 12, 2007, the options symbol will change from HNQ to HBJ and the adjusted deliverable will continue to be applied to those options.**

*\*\*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:** Wednesday, December 12, 2007  
**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) <u>(On 12/11/2007)</u> (See New Deliverable Above)					Horizon Offshore, Inc. (HOFF/HBJ) <u>(Beginning 12/12/2007)</u> (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.