

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: May 9, 2007

**Re: Nexen, Inc. (NXY) - 2 for 1 Stock Split**

Nexen, Inc. (NXY) has declared a 2 for 1 stock split payable to share holders of record on Thursday, May 10, 2007. Distribution date for the stock split will be Tuesday, May 15, 2007. **Ex-distribution date for the stock split will be Wednesday, May 16, 2007.**

The Options Clearing Corporation (OCC), pursuant to OCC By-Laws, intends to issue on the distribution date (1) additional NXY option contract for each option contract held. Further, on the ex-distribution date each NXY series will have an adjusted exercise (strike) price equal to 1/2 of the exercise (strike) price for each NXY series existing on the business day preceding the ex-distribution date. For example, beginning on Wednesday, May 16, 2007 an account holding (2) NXY MAY 50 calls (NXY EJ) will hold (4) NXY MAY 25 calls (NXY EE). Customers should be advised that (1) contract in the adjusted NXY series will still represent 100 shares of NXY common shares.

**POSITION/EXERCISE LIMITS:**

Position and exercise limits will change from 200,000 to 400,000 contracts until the expiration date of December 22, 2007.

**GOOD-TILL-CANCELLED (GTC) ORDERS:**

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

The resulting list of adjusted strike prices and symbols is as follows:

Nexen, Inc. (NXY) (Before 5/16/2007) (1 Contract)					Nexen, Inc. (NXY) (Beginning 5/16/2007) (2 Contracts)				
			Calls	Puts				Calls	Puts
NXY	MAY	50	EJ	QJ	NXY	MAY	25	EE	QE
NXY	MAY	55	EK	QK	NXY	MAY	27 1/2	EY	QY
NXY	MAY	60	EL	QL	NXY	MAY	30	EF	QF
NXY	MAY	65	EM	QM	NXY	MAY	32 1/2	EZ	QZ
NXY	MAY	70	EN	QN	NXY	MAY	35	EG	QG
NXY	MAY	75	EO	QO	NXY	MAY	37 1/2	EU	QU
NXY	JUN	45	FI	RI	NXY	JUN	22 1/2	FX	RX
NXY	JUN	50	FJ	RJ	NXY	JUN	25	FE	RE
NXY	JUN	55	FK	RK	NXY	JUN	27 1/2	FY	RY
NXY	JUN	60	FL	RL	NXY	JUN	30	FF	RF
NXY	JUN	65	FM	RM	NXY	JUN	32 1/2	FZ	RZ
NXY	JUN	70	FN	RN	NXY	JUN	35	FG	RG
NXY	JUN	75	FO	RO	NXY	JUN	37 1/2	FU	RU
NXY	SEP	45	II	UI	NXY	SEP	22 1/2	IX	UX
NXY	SEP	50	IJ	UJ	NXY	SEP	25	IE	UE
NXY	SEP	55	IK	UK	NXY	SEP	27 1/2	IY	UY
NXY	SEP	60	IL	UL	NXY	SEP	30	IF	UF
NXY	SEP	65	IM	UM	NXY	SEP	32 1/2	IZ	UZ
NXY	SEP	70	IN	UN	NXY	SEP	35	IG	UG
NXY	SEP	75	IO	UO	NXY	SEP	37 1/2	IU	UU
NXY	SEP	80	IP	UP	NXY	SEP	40	IH	UH

Nexen, Inc. (NXY) (Before 5/16/2007) (1 Contract)					Nexen, Inc. (NXY) (Beginning 5/16/2007) (2 Contracts)				
			Calls	Puts				Calls	Puts
NXY	DEC	55	LK	XK	NXY	DEC	27 1/2	LY	XY
NXY	DEC	60	LL	XL	NXY	DEC	30	LF	XF
NXY	DEC	65	LM	XM	NXY	DEC	32 1/2	LZ	XZ
NXY	DEC	70	LN	XN	NXY	DEC	35	LG	XG
NXY	DEC	75	LO	XO	NXY	DEC	37 1/2	LU	XU
NXY	DEC	80	LP	XP	NXY	DEC	40	LH	XH

**Any additional NXY series that are added prior to the ex-date will also be adjusted in the manner described above.**

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2,  
or (215) 496-1508.