

MEMORANDUM

To: All Option Members, Member Organizations and ROTs
 From: Market Watch
 Date: September 7, 2007
 Re: ****UPDATED** McDermott International, Inc. (MDR) - 2 for 1 Stock Split**

McDermott International, Inc. (MDR) has declared a 2 for 1 stock split payable to share holders of record on Monday, August 20, 2007. Distribution date for the stock split will be Monday, September 10, 2007. **Ex-distribution date for the stock split will be Tuesday, September 11, 2007.**

The Options Clearing Corporation (OCC), pursuant to OCC By-Laws, intends to issue on the distribution date (1) additional MDR option contract for each option contract held. Further, on the ex-distribution date each MDR series will have an adjusted exercise (strike) price equal to 1/2 of the exercise (strike) price for each MDR series existing on the business day preceding the ex-distribution date. For example, beginning on Tuesday, September 11, 2007 an account holding (2) MDR SEP 65 calls (MDR IM) will hold (4) MDR SEP 32 1/2 calls (MDR IZ). Customers should be advised that (1) contract in the adjusted MDR series will still represent 100 shares of MDR common shares.

For previously adjusted YBB series the deliverable will now represent 300 MDR Common Shares. Strike prices and symbols will remain unchanged. Contract multiplier will also remain unchanged at 150.

POSITION/EXERCISE LIMITS:

Position and exercise limits will change from 300,000 to 600,000 contracts until the expiration date of January 16, 2010

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:

McDermott International, Inc. (MDR) (Before 9/11/2007) (1 Contract)					McDermott International, Inc. (MDR) (Beginning 9/11/2007) (2 Contracts)				
			Calls	Puts			Calls	Puts	
MDR	SEP	65	IM	UM	MDR	SEP	32 1/2	IZ	UZ
MDR	SEP	70	IN	UN	MDR	SEP	35	IG	UG
MDR	SEP	75	IO	UO	MDR	SEP	37 1/2	IU	UU
MDR	SEP	80	IP	UP	MDR	SEP	40	IH	UH
MDR	SEP	85	IQ	UQ	MDR	SEP	42 1/2	IV	UV
MDR	SEP	90	IR	UR	MDR	SEP	45	II	UI
MDR	SEP	95	IS	US	MDR	SEP	47 1/2	IW	UW
MDR	SEP	100	IT	UT	MDR	SEP	50	IJ	UJ
MDR	SEP	105	IA	UA	MDR	SEP	52 1/2	IX	UX
MDR	OCT	60	JL	VL	MDR	OCT	30	JF	VF
MDR	OCT	65	JM	VM	MDR	OCT	32 1/2	JZ	VZ
MDR	OCT	70	JN	VN	MDR	OCT	35	JG	VG
MDR	OCT	75	JO	VO	MDR	OCT	37 1/2	JU	VU
MDR	OCT	80	JP	VP	MDR	OCT	40	JH	VH
MDR	OCT	85	JQ	VQ	MDR	OCT	42 1/2	JV	VV
MDR	OCT	90	JR	VR	MDR	OCT	45	JI	VI
MDR	OCT	95	JS	VS	MDR	OCT	47 1/2	JW	VW
MDR	OCT	100	JT	VT	MDR	OCT	50	JJ	VJ
MDR	OCT	105	JA	VA	MDR	OCT	52 1/2	JX	VX
MDR	OCT	110	JB	VB	MDR	OCT	55	JK	VK
MDR	OCT	115	JC	VC	MDR	OCT	57 1/2	JY	VY
MDR	OCT	120	JD	VD	MDR	OCT	60	JL	VL

McDermott International, Inc. (MDR)
 (Before 9/11/2007)
 (1 Contract)

			Calls	Puts
MDR	NOV	30	KF	WF
MDR	NOV	35	KG	WG
MDR	NOV	40	KH	WH
MDR	NOV	45	KI	WI
MDR	NOV	50	KJ	WJ
MDR	NOV	55	KK	WK
MDR	NOV	60	KL	WL
MDR	NOV	65	KM	WM
MDR	NOV	70	KN	WN
MDR	NOV	75	KO	WO
MDR	NOV	80	KP	WP
MDR	NOV	85	KQ	WQ
MDR	NOV	90	KR	WR
MDR	NOV	95	KS	WS
MDR	NOV	100	KT	WT
MDR	NOV	105	KA	WA
MDR	NOV	110	KB	WB
MDR	NOV	115	KC	WC

MDR	JAN	30	AF	MF
MDR	JAN	35	AG	MG
MDR	JAN	40	AH	MH
MDR	JAN	45	AI	MI
MDR	JAN	50	AJ	MJ
MDR	JAN	55	AK	MK
MDR	JAN	60	AL	ML
MDR	JAN	65	AM	MM
MDR	JAN	70	AN	MN
MDR	JAN	75	AO	MO
MDR	JAN	80	AP	MP
MDR	JAN	85	AQ	MQ
MDR	JAN	90	AR	MR
MDR	JAN	95	AS	MS
MDR	JAN	100	AT	MT
MDR	JAN	105	AA	MA
MDR	JAN	110	AB	MB
MDR	JAN	115	AC	MC
MDR	JAN	120	AD	MD

MDR	FEB	50	BJ	NJ
MDR	FEB	55	BK	NK
MDR	FEB	60	BL	NL
MDR	FEB	65	BM	NM
MDR	FEB	70	BN	NN
MDR	FEB	75	BO	NO
MDR	FEB	80	BP	NP
MDR	FEB	85	BQ	NQ
MDR	FEB	90	BR	NR
MDR	FEB	95	BS	NS
MDR	FEB	100	BT	NT

McDermott International, Inc. (MDR)
 (Beginning 9/11/2007)
 (2 Contracts)

			Calls	Puts
MDR	NOV	15	KC	WC
MDR	NOV	17 1/2	KR	WR
MDR	NOV	20	KD	WD
MDR	NOV	22 1/2	KS	WS
MDR	NOV	25	KE	WE
MDR	NOV	27 1/2	KT	WT
MDR	NOV	30	KF	WF
MDR	NOV	32 1/2	KZ	WZ
MDR	NOV	35	KG	WG
MDR	NOV	37 1/2	KU	WU
MDR	NOV	40	KH	WH
MDR	NOV	42 1/2	KV	WV
MDR	NOV	45	KI	WI
MDR	NOV	47 1/2	KW	WW
MDR	NOV	50	KJ	WJ
MDR	NOV	52 1/2	KX	WX
MDR	NOV	55	KK	WK
MDR	NOV	57 1/2	KY	WY

MDR	JAN	15	AC	MC
MDR	JAN	17 1/2	AR	MR
MDR	JAN	20	AD	MD
MDR	JAN	22 1/2	AS	MS
MDR	JAN	25	AE	ME
MDR	JAN	27 1/2	AT	MT
MDR	JAN	30	AF	MF
MDR	JAN	32 1/2	AZ	MZ
MDR	JAN	35	AG	MG
MDR	JAN	37 1/2	AU	MU
MDR	JAN	40	AH	MH
MDR	JAN	42 1/2	AV	MV
MDR	JAN	45	AI	MI
MDR	JAN	47 1/2	AW	MW
MDR	JAN	50	AJ	MJ
MDR	JAN	52 1/2	AX	MX
MDR	JAN	55	AK	MK
MDR	JAN	57 1/2	AY	MY
MDR	JAN	60	AL	ML

MDR	FEB	25	BE	NE
MDR	FEB	27 1/2	BT	NT
MDR	FEB	30	BF	NF
MDR	FEB	32 1/2	BZ	NZ
MDR	FEB	35	BG	NG
MDR	FEB	37 1/2	BU	NU
MDR	FEB	40	BH	NH
MDR	FEB	42 1/2	BV	NV
MDR	FEB	45	BI	NI
MDR	FEB	47 1/2	BW	NW
MDR	FEB	50	BJ	NJ

McDermott International, Inc. (MDR)
 (Before 9/11/2007)
 (1 Contract)

			Calls	Puts
MDR	FEB	105	BA	NA
MDR	FEB	110	BB	NB
MDR	FEB	115	BC	NC
MDR	FEB	120	BD	ND
MDR	FEB	125	BE	NE
MDR	FEB	130	BY	NY
MDR	FEB	135	BZ	NZ

McDermott International, Inc. (MDR)
 (Beginning 9/11/2007)
 (2 Contracts)

			Calls	Puts
MDR	FEB	52 1/2	BX	NX
MDR	FEB	55	BK	NK
MDR	FEB	57 1/2	BY	NY
MDR	FEB	60	BL	NL
MDR	FEB	62 1/2	BA	NA
MDR	FEB	65	BM	NM
MDR	FEB	67 1/2	BQ	NQ

McDermott International, Inc. - 2009 Leap (OYZ)
 (Before 9/11/2007)
 (1 Contract)

			Calls	Put
OYZ	JAN	20	AD	MD
OYZ	JAN	30	AF	MF
OYZ	JAN	40	AH	MH
OYZ	JAN	50	AJ	MJ
OYZ	JAN	60	AL	ML
OYZ	JAN	70	AN	MN
OYZ	JAN	80	AP	MP
OYZ	JAN	90	AR	MR
OYZ	JAN	100	AT	MT
OYZ	JAN	110	AB	MB
OYZ	JAN	120	AZ	MZ
OYZ	JAN	130	AY	MY
OYZ	JAN	140	AV	MV
OYZ	JAN	150	AW	MW
OYZ	JAN	160	AU	MU
OYZ	JAN	170	AX	MX

McDermott International, Inc. - 2009 Leap (OYZ)
 (Beginning 9/11/2007)
 (2 Contracts)

			Calls	Put
OYZ	JAN	10	AB	MB
OYZ	JAN	15	AC	MC
OYZ	JAN	20	AD	MD
OYZ	JAN	25	AE	ME
OYZ	JAN	30	AF	MF
OYZ	JAN	35	AG	MG
OYZ	JAN	40	AH	MH
OYZ	JAN	45	AI	MI
OYZ	JAN	50	AJ	MJ
OYZ	JAN	55	AK	MK
OYZ	JAN	60	AL	ML
OYZ	JAN	65	AM	MM
OYZ	JAN	70	AN	MN
OYZ	JAN	75	AO	MO
OYZ	JAN	80	AP	MP
OYZ	JAN	85	AQ	MQ

McDermott International, Inc. - 2010 Leap (YAE)
 (Before 9/11/2007)
 (1 Contract)

			Calls	Put
YAE	JAN	60	AL	ML
YAE	JAN	70	AN	MN
YAE	JAN	80	AP	MP
YAE	JAN	90	AR	MR
YAE	JAN	100	AT	MT
YAE	JAN	110	AB	MB

McDermott International, Inc. - 2010 Leap (YAE)
 (Beginning 9/11/2007)
 (2 Contracts)

			Calls	Put
YAE	JAN	30	AF	MF
YAE	JAN	35	AG	MG
YAE	JAN	40	AH	MH
YAE	JAN	45	AI	MI
YAE	JAN	50	AJ	MJ
YAE	JAN	55	AK	MK

Any additional MDR 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.