

CORPORATE EVENTS

MEMO # 07-163

DATE: 7/11/07

ACTION:

Shareholders of TODCO (THE) voted to approve the merger between THE and Hercules Offshore, Inc. (HERO). Pursuant to the terms of the merger, each share of THE Common Stock outstanding immediately prior to the consummation of the merger will be converted into one of the following merger considerations:

1) An amount of all outstanding THE Common Shares will be converted into an amount of HERO Common Shares equal to the quotient of \$16.00 plus 0.979 times the HERO average closing price as described in the prospectus divided by that closing price, subject to prorations (Stock Consideration). Cash will be paid in lieu of fractional HERO Shares.

2) An amount of all outstanding THE Common Shares will be converted into an amount of Cash equal to \$16.00 plus 0.979 times the HERO closing price as described in the prospectus, subject to prorations (Cash Consideration).

The merger will become effective on **July 12, 2007**. This corporate action will be coordinated with the Options Clearing Corporation.

CATEGORY:

Contract Adjustment

EQUITY SYMBOL:

THE (TODCO)

ONECHICAGO SYMBOL:

THE1C will change to THE2C

CME FUTURES SYMBOL:

THE will change to TH2

EFFECTIVE DATE:

July 12, 2007

MULTIPLIER:

100 multiplier remains the same.

DELIVERABLE PER CONTRACT:

All outstanding THE1C future contracts will be adjusted to reflect the merger consideration which accrues to non-electing TODCO shareholders as follows: On the business day immediately following the Effective Time of the Merger, each adjusted THE1C futures contract will require the receipt or delivery of: **100** times the Merger Consideration per THE share to be received for a Non-Election, where cash in lieu would be paid for a fractional share of Hercules Offshore, Inc. (HERO) share, if any.

APPLICABLE CONTRACT MONTHS:

July, August, September and December 2007

NOTES:

The forecasted effect of the upcoming corporate event on each clearing firms' positions can be viewed in infopac in the Corporate Event Initial Forecast Report (ONE712), the Corporate Event Final Forecast Report (ONE713), and the Corporate Event Forecast Audit Report (CPDBU710).

If you have any questions regarding the information provided in the document, please call CME Clearing Risk Management hotline at (312) 648-3888.