



NOTICE TO MEMBERS

No. 2007 - 110

October 19, 2007

FINAL CONTRACT ADJUSTMENT WESTERN OIL SANDS INC. (WTO) Plan of arrangement

THE FOLLOWING INFORMATION IS PREPARED FOR THE CONVENIENCE OF CANADIAN DERIVATIVES CLEARING CORPORATION (CDCC) MEMBERS AND BOURSE DE MONTRÉAL INC. (THE BOURSE) APPROVED PARTICIPANTS. THIS DOCUMENT IS AN UNOFFICIAL SUMMARY OF CERTAIN TERMS OF THE AFOREMENTIONED ADJUSTMENT. CDCC AND THE BOURSE ACCEPT NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE SUMMARY. CDCC MEMBERS AND BOURSE APPROVED PARTICIPANTS MUST ENSURE THEY HAVE REVIEWED THE DOCUMENTATION PUBLISHED BY THE ISSUERS INVOLVED IN THIS CORPORATE ACTION.

The Bourse and CDCC will adjust Western Oil Sands Inc. (Western Oil) equity options contracts according to the plan of arrangement between Marathon Oil Corporation (Marathon Oil) and Western Oil. Western Oil shareholders who had not elected an option payment by October 15, 2007 will be deemed to have elected to transfer their Western Oil Shares in consideration of the cash consideration in respect of 65% of the outstanding Western Oil shares, and share consideration and exchangeable consideration in respect of 35% of the outstanding Western Oil shares. In addition, for each Western Oil share the holder will receive one common share in the capital of the new company WesternZagros Resources Inc. (New WesternZagros) and one-tenth of a New WesternZagros common share purchase warrant which will expire three months after the plan effective closing date. Since Western Oil shareholders elected to receive a cash amount greater than the CDN\$3.8 billion available, shareholders will receive approximately 86 per cent of the cash amount that they elected.

The deliverable for each equity option contract has been estimated based on the available information. **Furthermore, there will be no automatic exercise on Western Oil's positions during expiration processing.**

CDCC - adjustment details:

Pursuant to Terms of Adjustment provided in Section A-902 of the Rules of CDCC, all Western Oil Sands options will be adjusted as follows:

➤ **EFFECTIVE DATE:**

OCTOBER 22, 2007. OPTIONS EXERCISED ON OCTOBER 19 WILL RECEIVE THE CURRENT DELIVERABLE (100 WTO SHARES).

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|--|-----------------------|
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- **OPTIONS SYMBOL:** WTO becomes WTQ.
 - **NUMBER OF CONTRACTS:** No change.
 - **MULTIPLIER:** 100.
 - **NEW DELIVERABLE PER CONTRACT:**
 1. CDN\$1 994.03*
 2. 26 Marathon Oil shares (CUSIP 565849106)**.
 3. 100 shares of New WesternZagros Resources (CUSIP 960008100).
 4. 10 warrants of New WesternZagros Resources, (CUSIP 960008118).
- * The cash portion of the deliverable will remain permanently fixed as the option deliverable, and will not vary.
- ** Based on a 65% cash consideration and 35% share consideration where the cash amount is limited to approximately 86%. In addition, fractional shares have been added to the cash amount of the deliverable.
- **POSITION AND EXERCISE LIMITS:** On the effective date, position and exercise limits will remain unchanged at 75,000 contracts.
 - **CUSIP :** NOTACUSIP.

CDCC will not accept escrow receipts on these adjusted series.

Bourse de Montréal Inc. adjustment details:

It is important to note that on the effective date mentioned above, all open orders on this option class **will not be automatically modified** to reflect the plan of arrangement and will therefore have to **be re-entered** into the Montreal Automated System (SAM) by the approved participants.

The existing series of the WTO options class will be transferred to the WTQ options class representing the new deliverable. Please note that only closing transactions will be permitted on the adjusted class. Actual series that do not have open interest will not be adjusted.



| Western Oil Sands Inc. | | |
|------------------------|---------------------|--|
| Actual Strike Prices | Actual Class Symbol | New Class Symbol After the Plan of Arrangement |
| \$ 28.00 | WTO | WTQ |
| \$ 30.00 | WTO | WTQ |
| \$ 32.00 | WTO | WTQ |
| \$ 34.00 | WTO | WTQ |
| \$ 36.00 | WTO | WTQ |
| \$ 38.00 | WTO | WTQ |
| \$ 40.00 | WTO | WTQ |
| \$ 42.00 | WTO | WTQ |

PLEASE ENSURE THAT ALL CLIENTS WHO HAVE EITHER LONG OR SHORT POSITIONS IN THIS OPTION CLASS ARE ADVISED OF THIS NOTICE.

For further information, please contact Louise Leclair, Trading Systems Analyst, Market Operations, Bourse de Montréal Inc. at 514 871-3526. CDCC Clearing Members may contact the CDCC Operations Department.

Michel Favreau
Senior Vice-President and Chief Clearing Officer