



Regulatory Circular RG04-88

DATE: August 9, 2004

TO: Members and Member Firms

FROM: Market Operations Department

RE: Restrictions on Transactions in
Vaxgen Inc. (VXGNE/UWG)

Vaxgen Inc. (VXGNE/UWG) said today its shares would be delisted from Nasdaq because it failed to file its financial statements for the first two quarters of this year in a timely manner.

Commencing on August 9, 2004, trading on CBOE in existing series of UWG options will be subject to the following restrictions. Only closing transactions may be effected in any series of UWG options except for (i) opening transactions by market-makers executed to accommodate closing transactions of other market participants and (ii) opening transactions by CBOE member organizations to facilitate the closing transactions of public customers executed as crosses pursuant to and in accordance with CBOE Rule 6.74(b) or (d).

The execution of opening transactions in UWG options, except as permitted above, and/or the misrepresentation as to whether an order is opening or closing, will constitute a violation of CBOE rules, and may result in disciplinary action.

There are no restrictions in place with respect to the exercise of UWG options and The Options Clearing Corporation (OCC) has advised CBOE that the expiration of UWG options will remain subject to OCC's Exercise-by-Exception Procedures.

The provisions of this circular apply to any options on Vaxgen Inc. traded on CBOE, including any Vaxgen Inc. option series with a different option symbol than UWG.

Any questions regarding this circular may directed to Kerry Winters at (312) 786-7312.