

Regulatory Circular # 96-49

Date: May 23, 1996
To: Members and Member Firms
From: Market Performance and Equity Floor Procedure Committees
Re: Options on Wellpoint Health Networks, Inc. ("WLP")

The Market Performance and Equity Floor Procedure Committees ("Committees") have been monitoring the activity in the underlying security and options traded on Wellpoint Health Networks, Inc. Due to the complexity involved in the calculation of the cash component of the merger of the company with Blue Cross of California, (see CBOE Research Circular #RS96-124) the Committees have determined that as of the opening on Wednesday, May 22, 1996, pursuant their authority granted under the provisions of Chicago Board Options Exchange Rules 6.8(e) and 8.51(a), the following rules of trading procedure will be effective in all options traded on Wellpoint Health Networks, Inc.:

RAES operation in all options overlying Wellpoint Health Networks, Inc. will be temporarily suspended.

Disseminated quotes in all WLP and WSZ option classes will not be subject to the provisions of Exchange Rule 8.51 until further review.

Activity in WLP and WSZ options and the respective underlying security will be monitored by the Committees on an ongoing basis. The above modifications to the application of Rules 6.8(e) and 8.51(a) to WLP and WSZ option trading should only be considered temporary and will be reviewed by the Market Performance and Equity Floor Procedure Committees when the cash component of the merger can be determined.

Any questions regarding this memorandum may be directed to Daniel Hustad at (312) 786-7715.