

Regulatory Circular # 98-149

Date: December 30, 1998

To: Members and Member Firms

From: Market Performance Committee

Re: Options on Vanguard Call Systems Inc. (VCQ)

The Market Performance Committee (MPC), by its authority under the provisions of Exchange Rule 8.7(b)(iv), has temporarily established modified bid/ask differentials in the options on Vanguard Call Systems Inc. Due to the uncertainty of the form of the deliverable (stock or cash) underlying the options, pending the merger with AT&T, options on Vanguard Call Systems Inc. may be twice as wide as the markets allowed under the provisions of Rule 8.7. This relief is granted from the opening of business on December 30, 1998 until further notification.

The Market Performance Committee will continue to monitor the activity in the underlying security of VCQ options, and will modify the bid/ask differentials in the respective options accordingly.

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