



INTERNATIONAL SECURITIES EXCHANGE

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**INTERNATIONAL SECURITIES EXCHANGE
CELEBRATES FIRST ANNIVERSARY**

Trades 25 Million Contracts in First Year

NEW YORK, May 29, 2001 – The International Securities Exchange (ISE) successfully completed its first year of operation, having launched the first fully electronic U.S. options exchange on May 26, 2000. Twenty-five million contracts were traded on ISE in its first year.

During the past year, ISE's influence on the evolution of the options industry, as well as its many significant accomplishments, has been unprecedented. The advent of ISE initiated a rapid progression toward greater industry-wide efficiency, including the multiple listing of options, reduced commissions, narrower bid-ask spreads, enhanced OPRA capacity and a cooperative effort to establish an exchange linkage system. ISE has been widely recognized as the catalyst that has led to these developments, fueling extraordinary industry growth levels.

ISE's first year of trading saw many noteworthy developments and milestones:

- All ten Primary Market Makers became operational, fifty-three of 100 Competitive Market Makers have been activated and 85 broker-dealers have been approved as Electronic Access Members.
- Volume has grown dramatically, increasing from an average daily volume of 83,382 contracts in December to 222,810 contracts for the period May 1 through 25.
- On April 18, ISE established a one-day volume record of 338,578 contracts, surpassing the previous record of 258,392 set on March 22.

ISE Celebrates First Anniversary - 2

- The market share that ISE has captured after only one year of trading is equally impressive: 11% (for the 320 issues traded) with a peak of 14% set on April 16.
- In April, ISE received the Derivatives Exchange of the Year award from the Risk Waters Group as a result of its innovations in the derivatives industry as well as its impact on the structure and efficiency of the options market.

David Krell, president and chief executive officer of ISE, said, "The entire ISE team, including staff, membership, board and strategic partners, is extremely proud of what has been accomplished in a relatively short period of time. Our impact is a clear demonstration of the support that the industry and investing public have for the efficiencies, speed and quality markets we have introduced."

On May 26, the ISE listed three issues as a first step in its rollout to trade the top 600 equity options on the world's only exchange to combine electronic trading with auction market principles. Currently, ISE trades 320 issues and is continuing to increase the roster in its rollout toward the full contingent of 600 listings. The updated list of issues traded is available on ISE's web site (www.iseoptions.com) within the section entitled "Product Information."

ISE Market Structure/Membership Information

There are three types of ISE members:

Primary Market Maker ("PMM") - PMMs, similar to specialists (DPMs or LMMs on other exchanges), are market makers with significant responsibilities, including overseeing the opening, providing continuous quotations in all of their assigned options classes, and ensuring that customer orders are not automatically executed at prices inferior to those available at other options exchanges. One PMM is assigned to each of the ten groups of options traded on the Exchange.

Competitive Market Maker ("CMM") - CMMs are market makers that add depth and liquidity to the market and are required to provide continuous quotations in at least 60% of the options classes in their assigned group. Each CMM quotes independently. Ten CMMs are appointed to each of the ten groups of stock options traded on the Exchange.

Electronic Access Member ("EAM") – EAMs are broker/dealers that represent agency and proprietary orders on the Exchange. An EAM does not purchase a membership. Rather, once approved as an ISE member, an EAM pays an access fee that permits the firm to place orders in all of the options traded on the Exchange.

ISE Background

ISE is the first nationally registered securities exchange since 1973, the first fully electronic options exchange in the United States, and the world's first options marketplace combining electronic trading and auction market principles. Trading in this innovative market began on May 26, 2000.

ISE has announced its intention to list the top 600 equity options classes representing over 90% of the option industry's average daily trading volume. ISE's rollout schedule involves starting trading with a small number of options classes and growing over time to the full list of 600.

ISE headquarters is located at 60 Broad Street, New York, NY 10004 and can be reached at (212) 943-2400 or, for additional information, visit its web site at www.iseoptions.com.

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