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FOR IMMEDIATE RELEASE

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**INTERNATIONAL SECURITIES EXCHANGE
ANNOUNCES NEW PRIMARY MARKET MAKER**

NEW YORK, August 29, 2000 – The International Securities Exchange (ISE) announced today that Timber Hill LLC of Greenwich, CT has become a Primary Market Maker, joining other leading institutions as the main liquidity providers in the first fully electronic options market in the United States.

Timber Hill LLC is an affiliate of the Timber Hill Group, an internationally recognized proprietary trading firm operating as specialists and market makers on the world's major exchanges. Since its formation in 1977 by Chairman Thomas Peterffy, Timber Hill has specialized in applying computer technology to trading. As a member of 39 equity and derivatives exchanges, the firm employs approximately 400 traders, programmers and support staff located in offices and trading facilities around the globe. Since 1993, Timber Hill has offered its proprietary technology and execution network to investors worldwide through its affiliate, Interactive Brokers LLC (IB). IB, an Electronic Access Member of ISE, is positioned to be the professional traders' gateway to the world's electronic markets, providing efficient, immediate access and interactive screen trading

This new addition to the ranks of ISE's PMM members brings a significant level of market making experience and technological innovation to the Exchange. The ISE previously announced that PMM memberships would be operated by: KBC Financial Products USA, Inc.; Knight Financial Products LLC; Banc of America Securities LLC; Bear, Stearns & Co. Inc.; Deutsche Bank Securities, Inc.; Hull Trading Company, LLC (an affiliate of Goldman, Sachs & Co.); and Morgan Stanley & Co. Incorporated. These firms, including Timber Hill, also trade as Competitive Market Makers.

Thomas Peterffy, chairman of Timber Hill, said, "We are excited to expand our participation in ISE to include the role of Primary Market Maker. Timber Hill's

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advanced application of electronic technology to the trading process strongly supports the vision that ISE has for this country's options industry, and we look forward to contributing to this evolution."

Primary Market Makers provide liquidity in their assigned options by making continuous two-sided markets and ensuring that orderly market conditions are maintained. Competitive Market Makers provide additional depth and liquidity by quoting independently, thereby ensuring a competitive process that provides narrow spreads with quotes in size.

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 85 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."

As of today, six of ten Primary Market Makers (PMM) and twenty-five of 100 Competitive Market Makers (CMM) have been activated; the remaining market makers will become operational during ISE's continuing rollout phase. Additionally, 68 broker/dealers have been approved as Electronic Access Members (EAM), with more than a dozen in the process of attaining EAM status.

ISE Market Structure/Membership Information

The ISE plans to list and trade 600 stock options, which are divided into ten groups of approximately 60 stock options each. Market makers are assigned to provide liquidity in each group.

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 in twenty-seven years, 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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