

For Immediate Release

ISE Implements Pilot Program For \$1.00 Strike Prices Trading To Commence In Five Options Classes

NEW YORK, June 24, 2003 –In response to investor demands, the International Securities Exchange (ISE) said today that it is implementing a \$1.00 strike price pilot program. ISE's program, which covers options classes on stocks priced between \$3.00 and \$20.00, is designed to offer investors greater flexibility in managing their investments by more closely aligning options strike prices with stock prices.

Effective immediately, the pilot program enables investors to buy options contracts with strike prices set at increments of \$1.00 in two eligible classes, AMR Corp. (AMR) and Sun Microsystems Corp. (SUNW). On Wednesday, ISE will expand the pilot program to include Calpine Corp. (CPN), El Paso Corp. (EP), and EMC Corp. (EMC). Options strike prices are traditionally denominated in \$2.50 and \$5.00 increments. The pilot program, which expires June 5, 2004, does not cover Long-term Equity Anticipation Securities, or LEAPS.

When an optionable stock trades at a lower price, the stock must make a larger percentage gain for the options contract to become in-the-money. For example, an \$8.00 stock would have to change 25% for a corresponding \$10.00 call options to become in-the-money. A 25% gain in a low priced stock is particularly large given the dampened volatility that has accompanied many stocks and options these past few months. Stocks trading under \$20.00 that are not part of the pilot program will continue to be eligible for trading in \$2.50 and \$5.00 increments.

"ISE does not have a monopoly on good ideas. While the Chicago Board Options Exchange was the first exchange to receive Securities and Exchange Commission approval for the \$1 strike program some three weeks ago, ISE is pleased to participate in this industry pilot. ISE is committed to providing our customers with the flexibility they need to execute their trading strategies quickly and efficiently. The \$1.00 strike price pilot program is a way for our clients to increase their trading opportunities in options overlying lower-priced stocks," said Gary Katz, ISE's Chief Operating Officer.

ISE Background

The International Securities Exchange was founded on the principle that technology fosters and infuses new efficiencies and operational innovations into securities trading. After developing an innovative market structure that integrated auction market principles into an advanced screen-based trading system, ISE launched the first fully electronic US options exchange in May 2000. ISE, which is the largest US equity options exchange, continually enhances its trading systems to provide investors and the trading community with the most efficient, least expensive order executions possible.

For more information about ISE, its products and its technology, visit www.iseoptions.com.

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