



INTERNATIONAL SECURITIES EXCHANGE

FOR IMMEDIATE RELEASE

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INTERNATIONAL SECURITIES EXCHANGE
SELECTS THREE MORE NON-INDUSTRY DIRECTORS

**Frank J. Jones, Richard Schmalensee & Mark P. Kritzman
to Serve on ISE Board**

NEW YORK, October 19 –The International Securities Exchange (“ISE”) has selected Frank J. Jones, Ph.D., Richard Schmalensee, Ph.D. and Mark Kritzman to fill three more of its eight non-industry director positions. This follows the recent announcements that Ivers Riley, Barbara Diamond and John Marshall were named to serve as non-industry directors.

Dr. Jones, executive vice president and chief investment officer of The Guardian Life Insurance Company of America, is responsible for the management of a \$25 billion portfolio of bonds, equities and real estate for the New York-based company, its subsidiaries, and its mutual and variable annuity funds.

Professor Schmalensee is Dean of the Sloan School of Management and a Professor of Economics and Management at the Massachusetts Institute of Technology (“MIT”).

Mr. Kritzman is managing partner of Windham Capital Management Boston, which provides currency management and asset allocation for institutional investors worldwide.

Frank Jones

Dr. Jones joined the Guardian Life Insurance Company from Merrill Lynch, where he was the managing director of Global Fixed Income Research and Economics. Previously, he headed Global Derivatives Products for Barclays de Zoete Wedd and served on the Board of Directors of Barclays de Zoete Wedd Government Securities, Inc. from 1988 to 1989. From

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JONES, SCHMALENSEE & KRITZMAN - 2

1983 to 1988, Dr. Jones was the managing director of Institutional Financial Futures and Options for Kidder, Peabody & Co., Inc.

From 1982 through 1983, he was senior vice president of the Options Division of the New York Stock Exchange ("NYSE") and was responsible for the introduction of the NYSE stock options program. From 1979 to 1982, Dr. Jones was executive vice president and chief operating officer of the New York Futures Exchange, which was a subsidiary of the NYSE at that time. Prior to 1979, Dr. Jones was vice president and manager of the Economics and Product Development Department at the Chicago Mercantile Exchange.

Dr. Jones was an associate professor of economics at San Jose University and, previously, on the graduate faculty at the University of Notre Dame. He also served as a senior economist and expert consultant with the U.S. General Accounting Office.

Dr. Jones is widely published in the financial sector, having authored several books on economics, fixed-income management and derivatives, as well as many articles on financial markets, economics and related topics. He has served on numerous boards of directors, including The Intermarket Clearing Corporation (subsidiary of The Options Clearing Corporation) from 1985 to 1988, The Options Clearing Corporation (1983) and New York Futures Clearing Corporation from 1981 through 1985.

Dr. Jones said, "The ground that ISE is breaking is unmatched since the launch of standardized options trading in 1973, and I am thrilled to take a role in this historic event."

Richard Schmalensee

Before becoming Dean of MIT's Sloan School of Management in November 1998, Professor Schmalensee served as deputy dean and then interim dean.

From 1989 through 1991, Professor Schmalensee was a member of the president's Council of Economic Advisors. He has also served on the Environmental Protection Agency's Environmental Economics Advisory Committee, chaired its Advisory Council on Clean Air Act Compliance Analysis and currently serves on the Committee on National Statistics of the National Research Council.

Professor Schmalensee's research has centered on industrial economics and its application to managerial and public policy issues and has studied antitrust, regulatory and environmental policies. He is widely published in professional journals and books, is the author and co-author of several books and is recognized nationwide as a leading authority in the development of public policy as it relates to industrial economics.

Professor Schmalensee is a research associate of the National Bureau of Economic Research, a fellow of the Econometric Society, a member of the International Academy of Management, a fellow of the American Academy of Arts and Sciences and has served on the executive committee of the American Economic Association.

Before joining the MIT faculty in 1977, Professor Schmalensee was an associate professor at the University of California, San Diego and has served as a visiting professor at the Harvard Business School.

"I am proud to be affiliated with this project and am quite confident that the efficiencies introduced by ISE will continue to have an impact in all the U.S. markets," said Professor Schmalensee.

Mark Kritzman

In addition to being managing partner of Windham Capital Management Boston, since 1988 Mr. Kritzman has also been general partner of Windham Capital Management, specializing in U.S. equity management for institutional and high net worth investors.

From 1986 to 1988, Mr. Kritzman was general partner of New Amsterdam Partners, providing U.S. equity management for institutional investors. Previously, from 1983 to 1986, he was vice president of Bankers Trust Company, heading up a team that developed dynamic hedging strategies and conducted portfolio risk analysis for institutional clients. Prior to 1983, Mr. Kritzman held senior level research and development positions with AT&T and the Equitable Life Assurance Society.

Mr. Kritzman is the author of numerous books and articles on such diverse topics as currency risk management, asset allocation, risk containment, hedging and derivative products. He has served as a director on several boards, including The Center for International Securities and Derivatives Markets, The Fischer Black Memorial Foundation, The Institute for Quantitative Research in Finance and The International Association of Financial Engineers. In addition, Mr. Kritzman serves on several editorial and review boards; among these are the Financial Analysis Journal, the Journal of Alternative Investments and the Journal of Derivatives.

On his selection as a director, Mr. Kritzman said, "ISE's business model has significantly influenced the options industry well before its launch date, and I look forward to contributing to this unprecedented growth in the markets."

“These new directors bring a rare mix of perspectives to ISE, and I am very glad they will be guiding ISE through these important times,” said David Krell, president and CEO of ISE.

In designing its governance structure, ISE has established its board with a majority of non-industry directors (eight of fifteen). Six of the positions will be held by representatives of the ISE membership: two Primary Market Makers (PMMs), two Competitive Market Makers (CMMs) and two Electronic Access Members (EAMs). The president and CEO will hold the fifteenth board position. ISE’s ten PMMs and one hundred CMMs will provide continuous liquidity, while an unlimited number of EAMs will channel customer and proprietary orders to ISE’s trading platform for execution.

ISE Background

ISE will become the first fully electronic options exchange in the United States and the world’s first options marketplace combining electronic trading and auction market principles.

On February 2, ISE filed its application for registration as a national securities exchange with the Securities and Exchange Commission (SEC). Upon approval by the SEC, ISE will become the first new registered U.S. securities exchange in 26 years. ISE plans to list options on 600 of the most widely owned and popular stocks.

ISE has recently moved its headquarters to 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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