



INTERNATIONAL SECURITIES EXCHANGE

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FOR IMMEDIATE RELEASE

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INTERNATIONAL SECURITIES EXCHANGE ANNOUNCES APPOINTMENT OF CHIEF OPERATING OFFICER

Gary Katz, Co-Founder, Promoted

NEW YORK, February 12, 2001 – The International Securities Exchange (ISE) announced today that Gary Katz has been promoted to Chief Operating Officer, a unanimous action taken by its Board of Directors at a meeting on February 8.

Mr. Katz, previously senior vice president of marketing & business development, is one of four co-founders of the ISE and was instrumental in the design and creation of the first fully electronic options exchange in the U.S. He is also co-inventor on several patents filed by the ISE.

Bill Porter, Chairman of ISE, said, "Gary has been a primary contributor to the launch of this groundbreaking market and has guided staff in the introduction and successful operation of our unique structure. I am confident that the executive management team of Gary, as COO, and David Krell, as CEO & president, will ensure that ISE continues to lead the change in the options industry."

As Chief Operating Officer, Mr. Katz will lead ISE's state-of-the-art technology program (including technical services, member services and IT operations) and the market operations team. Additionally, he will continue to be responsible for ISE's marketing and business development efforts.

"Gary has a strong management record and is recognized as an expert in the equity options market," said David Krell. "His appointment as COO significantly enhances our ability to compete in this rapidly evolving market."

Prior to co-founding the ISE, Mr. Katz was president of K-Squared Research, a financial services consulting firm. From 1986 to 1997, Mr. Katz was managing director of the options and index products division of the New York Stock Exchange, where he managed the research and development of new options

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products and spearheaded its marketing program. During this period, he co-founded The Options Industry Council, a trade group dedicated to promoting the equity options sector through the education of the investing public. Mr. Katz currently represents the ISE on the board of directors of The Options Clearing Corporation.

Prior to 1986, Mr. Katz was an actuary with the Equitable Life Assurance Company and is an Associate of the Society of Actuaries. Mr. Katz has an MS in Statistics with Distinction from New York University and a BA from Queens College. He lives with his wife and four children on Long Island.

"I am excited to assume this new role and believe that the ISE possesses the structure, team and technology to continue making great strides in the financial services sector," said Gary Katz. "We look forward to expanding our position as a major factor and catalyst in the options business."

On May 26, 2000 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. The ISE has listed 218 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.

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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.

Risk Waters Group recently named ISE the Derivatives Exchange of the Year. *Risk*, a trade publication service, selected ISE for this prestigious award due to the innovations it has made in the derivatives industry as well as its significant impact on the structure and efficiency of the options market.

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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