



INTERNATIONAL SECURITIES EXCHANGE

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FOR IMMEDIATE RELEASE

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**INTERNATIONAL SECURITIES EXCHANGE
SETS NEW TRADING RECORDS**

Highest Average Daily Volume & Market Share

Five Record Volume Days

NEW YORK, August 1, 2002 – For the third consecutive month, ISE has established new volume and market share records. During July, ISE also continued as the industry volume leader in the 509 issues that it lists and was the primary market, as measured by volume, in 269 of these issues. Included in the widely traded issues in which ISE is primary are: Microsoft, IBM, Dell, Applied Materials, eBay, GM, Merrill Lynch, Broadcom and Verizon.

ISE's average daily volume during July was a record 842,632 contracts, an increase of 17% from the previous month's average volume (719,560 contracts) and a 191% increase from July 2001 (289,376 contracts). In addition, ISE's market share in its listed equity options was a record 28%, compared to 14% for July of 2001. ISE's market share in all equity options was 25% during July, also a new monthly record. In addition, on July 10 and 11, ISE ranked first in total equity options volume.

New daily volume records were established five times during July, and volume on eight days during the month exceeded one million contracts. As well, on July 16 ISE traded its 150-millionth contract since the launch of trading in May 2000. ISE's growth has continued to accelerate, as the expanding number of member firms and investors realize the quality of markets and efficiency advantages of trading on the only fully electronic options exchange in the U.S.

ISE Background

ISE is the only fully electronic options exchange in the United States, the first nationally registered securities exchange since 1973, 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 Sets New Records - 2

ISE, widely recognized as the pioneer and pacesetter in electronic trading of U.S. equity options, has grown to become the third largest of five U.S. options exchanges within just eighteen months of its launch. This measurement is based on total volume transacted in all listed options, equity as well as index products, traded on the five registered U.S. options exchanges.

ISE has demutualized, converting from a New York limited liability company, in which equity interests as well as trading rights were represented by single ownership interests, to a Delaware corporation, in which equity interests and trading rights are now represented by different securities. This new structure permits the infusion of additional capital, providing a broader base and enhanced capability for growth of its core business, as well as expansion into additional business lines.

ISE currently lists 509 issues for trading. The aggregate volume of these issues across all five U.S. options exchanges represents greater than 90% of all equity options volume. The updated list of issues is available on ISE's web site (www.iseoptions.com) within the section entitled "Product Information."

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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