

# International Securities Exchange

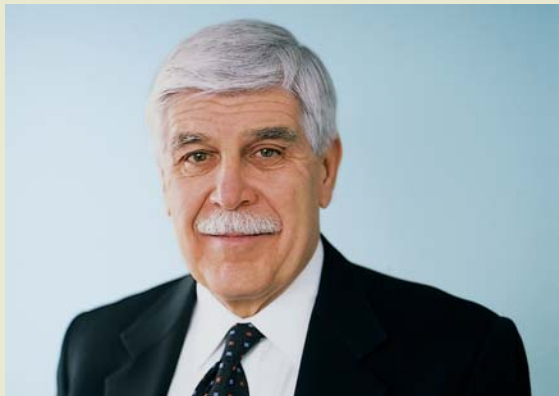
2006 Annual Report







## LETTER FROM THE CHAIRMAN



**Frank J. Jones, Ph.D.**  
Chairman

### Dear Fellow Stockholders:

I am pleased to report that in my first year as Chairman of ISE, we continued to make significant progress in growing our options business and building upon our solid foundation to expand into new businesses and asset classes. With the launch of the ISE Stock Exchange and the addition of our Alternative Markets business, we have transitioned from a one-product exchange to a family of securities markets. As was the case in prior years under the stewardship of our former Chairmen, Ivers Riley and Bill Porter, we retained our distinction as the industry leader and delivered the financial results to which our stockholders are accustomed. We also made significant progress in executing our strategy to ensure that the future growth of the Company continues along the same path that we have followed since we launched the first fully electronic exchange in the options industry nearly seven years ago.

As many of you may know, I have been a member of the Board of Directors for more than six years, but this is my first opportunity to share my thoughts with you about our company. While our financial results certainly speak to the success that we have achieved to date in identifying, seizing and monetizing opportunities in the options

market, I am more excited about what lies ahead for our options exchange and our new businesses.

Growth in the options market continues at an accelerated pace and there are few, if any, segments of the securities industry that have grown at the rate that we have witnessed over the course of the past ten years. The driving forces behind this growth have been the entrance of new players, the proliferation of new products, the emergence of new and innovative technologies, and the increased awareness and acceptance among retail and institutional investors of the benefits that options strategies provide in managing risk and enhancing returns. We believe that these same factors will spur further expansion of our industry, and we feel that we are still in the early stages of the growth cycle.

As the options market continues to develop, we must maintain our edge over the competition. We will do so through our unique business model, our innovation, our willingness to take calculated risks and our people. We have invested considerable resources and management talent in building the best options trading platform in the industry, and we will continue to do so in order to maintain our leadership position. Our focus on developing new products that meet and anticipate client needs will enable us to maintain our first-mover advantage in a very dynamic and competitive industry. And our customer service orientation and culture will continue to set us apart from our peers.

As I look ahead, I am very confident that we have the right strategy to grow our business. We are focused on developing new businesses, new products and new functionalities to attract both retail and institutional customers alike. We are not afraid to take bold steps in building our business or in building new businesses. Our track record supports this view.

The launch of the ISE Stock Exchange is a good example of our willingness to be bold, to be different and to

“With the launch of the **ISE Stock Exchange** and the addition of our Alternative Markets business, we have transitioned from a one-product exchange to a **family of securities markets.**”

continue to take the lead in the markets in which we compete. In designing, building and launching this new business, we were able to leverage our experience and success in the options market. Moreover, to support the growth of the business, we sought out leading financial institutions to be our strategic investors. These firms bring diverse experience and expertise and will contribute to the success of our new venture.

In forming the ISE Stock Exchange, we had the luxury to tap a talent pool at ISE that had already built a world-class options exchange. We were therefore able to leverage the experience and talent of our management and staff to build and launch an equities exchange. Our people have always made the difference between building a good business and building a great business. The ISE Stock Exchange will be no exception.

We have a unique team of talented people, all of whom have been instrumental in making our company a success. This is due in part to the fact that we have built an organizational structure which allows our staff the independence to make individual contributions, while always operating as a cohesive team. Without such an outstanding team, an entrepreneurial culture and efficient organizational structure, our strategy, no matter how sound, would not be as effective or as successful.

We are fortunate to have such a team, and I want to recognize our management and staff for their commitment, dedication and contributions in making our company a success. I am proud to be associated with such an organization – one that is led by a management team that is without peer in the industry and one that is focused on developing new businesses that will shape the future of the Company. I have the highest regard and utmost confidence in David Krell, Gary Katz and the management team, and I look forward to building upon these great working relationships. I am very confident that their expertise and experience will enable us to retain our leadership role in the industry.

On behalf of the Board of Directors, our management team and all of our people, I want to thank Ivers Riley for his leadership, guidance and vision over the past six years. Ivers continued to build upon the success of our founder and first Chairman, Bill Porter, and has been instrumental in leading a business and an organization that is now a leader in the options industry. His vast experience in the financial services sector, both in the U.S. as well as internationally, has had a profound impact on the overall success of our company. We are grateful for the time and commitment that Ivers has dedicated to our company and his contribution in guiding a business that transformed an industry. We look forward to his continued input and contribution in the years ahead.

I would also like to express our gratitude to our other retiring Board members. In founding our company, Bill Porter recognized an opportunity to revolutionize an industry. We are fortunate that we were able to play a part in achieving his goal. As we continue to develop and expand into new businesses and new markets, Bill’s vision, experience and expertise will surely be missed.

In addition, James Harkness and Mark Kritzman also will not be eligible for re-election due to term limits. They are valued members of our team and we appreciate their contributions and service to our organization.

In closing, I want to thank you, our valued stockholders, for allowing me this opportunity to lead such an outstanding company and group of employees. We all have a great deal to be proud of in what we have accomplished thus far, but our focus is on what we can achieve in the years ahead. Our future looks bright.



**Frank J. Jones, Ph.D.**  
Chairman



LETTER FROM THE CEO & COO

“In 2006, we built upon the momentum in our options business and implemented our **strategic initiatives** to launch new businesses, to expand into new asset classes and to add **new products to our options business.**”



**David Krell**

President & Chief Executive Officer



**Gary Katz**

Chief Operating Officer

**Dear Fellow Stockholders:**

We are proud to report that 2006 was a year of record financial achievement for ISE and a year that marked our transformation to a holding company that operates innovative securities markets. In an environment of intensifying competition and unprecedented change, we remained the industry leader in equity options and set all-time highs for all of our key financial and operating metrics. Our options business remained robust as our volumes, revenues and net income once again increased at double-digit rates.

Most importantly, we delivered on the strategy that we discussed last year. In 2006, we built upon the momentum in our options business and implemented our strategic initiatives to launch new businesses, to expand into new asset classes and to add new products to our options business. One of the hallmarks of our company is that we have always challenged the status quo, and 2006 was no exception. All of these actions were instrumental in sustaining our track record of profitable growth.

### **Strong and Growing Business**

As has always been the case, the key to our success, and the principal driver of our growth, is our options trading volume. In 2006, we traded an average of 2.4 million contracts per day which represented an increase of more than 32% over the previous year. This is significant as it marked the first time in our history that we averaged more than two million contracts per day for an entire year.

The overall increase in trading volume led to a 29.6% increase in total revenues to \$202.1 million and a 30.4% increase in net revenues to \$178.7 million. As a result of the operating leverage in our business, net income increased 56.0% to \$55.2 million. Our pre-tax margin, the barometer for the operating leverage in our business, increased to 54.7% from 47.5% in 2005.

Our attractive pre-tax margins arise not only from the leverage that is derived from our efficient operation, but also the cost-conscious approach that we use in managing our business. Our trading platform is largely a fixed-cost platform, and once we have covered our fixed costs, each additional contract traded generates high incremental margins. Therefore, our principal focus is to maximize the volume that we trade on our options exchange.

### **Volume, Not Market Share, Is Key**

Average daily volume in the entire options market increased by 35.3% last year which compares to a compound annual growth rate of 21.4% over the past ten years. The secular growth trends that we witnessed in 2005 accelerated in 2006, driven by an increase in new users, new products and greater awareness of the options market in general.

In 2006, we witnessed a continuation of the dividend trades that occur on a few exchanges that accommodate such trades. We do not facilitate these trades as we choose to focus on areas where we can introduce tools, services and functionalities that help investors accomplish their investment objectives rather than facilitate trades that allow certain market makers to profit at the expense of retail investors. Our goal is to focus on profitable and sustainable growth, and we believe that the growth potential in the institutional and retail segments of the options market meets both of these criteria.

### **Institutional Growth**

The increased use of options by institutional participants is an important contributing factor to the volume growth for ISE and the total industry. The recent growth in this area has been impressive, but we believe that the penetration of the institutional segment is still in the early stages. We plan to play a leading role to ensure that this segment of the business reaches its full potential.

We now estimate that institutions comprise approximately 50% of the trading volume in the equity options market. This is in sharp contrast to the equities market where institutions comprise more than 80% of the total volume. We are targeting institutional users through the introduction of new functionalities coupled with a dedicated marketing and education effort to increase the overall awareness of the benefits of using options to manage risk and enhance returns.

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 arise not only from the leverage that is derived  
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 approach we use in managing our business.”

In 2006, we introduced new functionalities, such as facilitation and solicitation of spreads, which have been embraced by institutional accounts and will help us grow this aspect of the business. This strategy has been successful as our entire suite of institutional trading functionalities accounted for approximately 20% of our average daily trading volume in 2006 versus approximately 13% in the previous year. We expect to continue to add to the breadth of institutional functionalities that we offer. Our marketing, sales and education teams will further broaden their respective efforts in this area and will be instrumental in communicating the needs of our institutional clients to our product development team.

Concurrent with our institutional focus, we will also continue to increase our efforts in expanding the retail component of the business through education and marketing initiatives. Retail customers remain a key and growing segment of the overall equity options market. We believe that we will continue to benefit from the anticipated growth in this area as investors further embrace options as an effective means to reduce risk and increase returns.

#### **New Product and Technology Innovation**

We were the first exchange to introduce a new expiration cycle targeted toward our institutional customers and launched a one-year pilot program on quarterly options (Quarterlies) for five exchange-traded funds. This product provides institutional investors with a means to better align options expirations with their trading practices.

Moreover, our recently launched Second Market provides the industry with a distinct platform that leverages our world-class market makers and proven market structure to create additional liquidity in options that have typically experienced lower trading volumes. At the end of 2006, 510 new options classes were listed on our Second Market. The introduction of our Second Market played a substantial role in increasing the total number of options listed at ISE and at year-end we listed 1,494 options classes and traded approximately 131,000 series between our primary market and the Second Market. When the Second Market is fully rolled out, we will list options that represent approximately 99% of total industry volume.

In addition to the new products that we launched, we continued to expand and improve our technology. We successfully implemented a new front-end trading application called PrecISE Trade™ that we specifically designed for broker-dealers. PrecISE™ supports the entry of all of ISE’s order types. This includes combination orders, which allow shares of stock and options contracts to be entered as a single order. Use of the stock-option combination order type has increased more than twofold since last year.

#### **Expanding Premium Products**

In 2006, trading volume of our Premium Products increased over 100% to an average daily volume of 287,000 contracts as we licensed new products and continued to develop our own proprietary products. Our Premium Products generate higher margins due to the fee structure associated with these products.

“We empower our people to **take calculated risks**, to challenge one another, to be proactive and to question industry practices so that we remain **a leader in our industry**. We take great pride in the accomplishments of our team.”

During the year, we licensed additional index products including the FTSE 250<sup>®</sup>, FTSE 100<sup>®</sup> and the KBW Bank Index. We also initiated trading of options on the iShares<sup>®</sup> MSCI<sup>®</sup> Japan Fund and the iShares<sup>®</sup> Dow Jones<sup>®</sup> U.S. Real Estate Index Fund to expand our portfolio of ETFs. We expanded our offering of proprietary products and launched options on the ISE Water<sup>™</sup> Index, ISE-CCM Alternative Energy<sup>™</sup> Index, ISE-CCM Nanotechnology<sup>™</sup> Index, ISE-Revere Natural Gas<sup>™</sup> Index, and developed the ISE-Revere Wal-Mart Suppliers<sup>™</sup> Index.

Our strategy in 2007 will be to continue to develop and trade our own proprietary indexes and license other indexes. We will also pursue all avenues in our efforts to trade those indexes that are exclusively licensed to other exchanges.

### Information-Market Data

In 2006, we launched new Information-Market Data initiatives to further monetize the vast amounts of data that we store as part of the normal course of our operations. During the year, we introduced our Historical Options Tick Data<sup>™</sup> (ISE HOT Data<sup>™</sup>) offering and ISEE Select<sup>™</sup>. These new products provide retail and institutional investors with an array of analytical tools to improve their trading strategies, thereby enabling them to trade smarter. We plan to launch other products in the coming year as we build our portfolio in this business.

### Multiple Asset Classes

#### *ISE Stock Exchange*

Why now? The equities market today is radically different from that of only a couple of years ago. There are new regulatory changes, such as Regulation NMS, that will transform the competitive landscape to a more equitable and efficient trading environment. The trend toward automation and algorithmic trading plays to our strengths. And we developed a product that is differentiated, adds value to the end user and offers us an opportunity to generate a return on our investment.

In partnership with our strategic investors, we launched our first product offering, MidPoint Match<sup>™</sup>, on September 8, 2006. The MidPoint Match trading platform has performed according to our expectations, and we have received positive feedback from our members. As of year-end, over 5,600 securities were traded on our platform, and we believe that volume will continue to grow as we sign up new users and the benefits of the system are more widely understood by the marketplace.

The launch of our fully displayed stock market in the fourth quarter was an important building block for the stock business. The interaction between MidPoint Match and the fully displayed market provides enhanced trading functionality and the ability to maximize execution quality through triple order exposure. First, displayed market orders will have the opportunity to receive price improvement from exposure to MidPoint Match. Second, orders will either be executed or displayed on ISE's order book.

Third, we will route orders to other market centers, if necessary, to achieve the best price. Investors can uniquely benefit from price protection and the opportunity for price improvement through our platform.

We are particularly proud of our expansion into the equities market, but we must reiterate that this is a marathon and not a sprint. We have always taken a disciplined approach in building our business, and this will be no exception. This measured approach was effective in building our options business, and we believe it will be similarly successful in building our equities business.

#### *Alternative Markets*

We launched our Alternative Markets business with the acquisition of the intellectual property and related assets of Longitude, Inc., including an innovative derivatives parimutuel technology platform. Longitude's proprietary platform facilitates auctions for event contracts, such as economic and energy derivatives, which are traded by our clients today.

We are exploring other alternative products that would leverage the Longitude platform. In doing so, we plan to launch innovative trading instruments for investors as there is demonstrated demand for event-driven financial instruments which currently do not exist in the financial markets.

#### **International**

In 2006, we made further progress in our international efforts and are encouraged by the interest that we continue to receive from potential partners. Our strategy is to establish an international presence by joining forces with established participants, and we continue to pursue two possible paths to do so.

First, we are exploring exchange-to-exchange links with international partners who have a trading infrastructure in place. This strategy will minimize our capital investment and leverage the trading platform and the relationships that our partners have established.

Second, we are pursuing joint venture relationships where we would lend our expertise and experience in building a trading platform and business. In doing so, we would expect to acquire an equity interest in the new business.

In both cases, we will not plant the ISE flag alone in a foreign territory and assume that investors will automatically embrace and utilize our trading platform. This strategy has not proven to be effective by others who previously have gone down this path.

#### **Leveling the Playing Field**

Since we were founded on the belief that competition among exchanges improves market efficiency and ultimately benefits investors, we have always taken measures to promote the development of an options market that is both fair and accessible. Building upon the success that we achieved after the United States Court of Appeals upheld our victory in challenging the licensing agreements for

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options on DIAMONDS® and SPDRs® ETFs, we challenged the exclusive index licensing agreements that exist in our industry. In November 2006, we filed a complaint in the United States District Court for the Southern District of New York seeking a declaratory judgment to end the exclusive licensing agreements for options on the S&P 500® and Dow Jones Industrial Average<sup>SM</sup> indexes.

In our quest to promote fair and open competition in the index options market, we hope to usher in the same benefits that accompanied our entrance into the equity options market, namely tighter spreads, deeper liquidity and accelerated growth across all products.

We can point to the positive impact that multiple listing has had on the industry with the increased trading activity in DIAMONDS and SPDRs options. Average daily trading volume in options on DIAMONDS has increased from approximately 33,000 contracts per day in the year prior to multiple listing to 69,000 contracts per day during the period that they have been freely traded by all of the exchanges. In 2006, industry average daily volume in options on SPDRs was nearly 259,000 contracts and was the third largest equity options product at ISE.

#### **Our Greatest Assets – Our People, Our Members, Our Partners, Our Board of Directors**

We have built a great team at ISE. We are proud of the culture that we have created; it is one in which people share a common vision and work tirelessly to ensure our success.

Our senior management team encourages everyone to think and act as owners. We empower our people to take calculated risks, to challenge one another, to be proactive and to question industry practices so that we remain a leader in our industry. We take great pride in the accomplishments of our team.

We want to publicly recognize the commitment, the hard work and the contributions of all of our employees. Through their efforts, we had many impressive accomplishments last year. There is much work to be done and there will be new challenges and new opportunities, but we are fortunate to have the best talent in the industry to ensure our continued growth.

We also want to acknowledge our members, who are our partners, for the integral role that they play in the success of our business. They represent many of the premier players in the financial services industry, and their vast experience and success have proven to be invaluable assets for our firm. They are key members of our team, and we look forward to building upon what has already proven to be a successful and profitable working relationship.

We would also like to give special thanks to our outstanding Board of Directors whose advice, guidance and confidence in our management team has been instrumental to our growth and accomplishments. In particular, we want to express our personal gratitude to Ivers Riley who has led our company and has been a driving force in building an organization that is recognized as an industry leader in the options marketplace. We are fortunate that he will continue to play an important role in helping us to further grow our organization.

We also want to acknowledge the contributions of Bill Porter, a founder of our company, our first Chairman and an EAM director of ISE since 2000, who will not be up for re-election this year due to term limits. Bill's vision and dedication in building ISE to a leadership position in the options industry have been a driving force behind the growth and success that we have experienced to date.

In addition, Mark Kritzman and James Harkness also will not be eligible for re-election to the Board in 2007 due to term limits. Mark and Jim made important contributions to our Board during their tenures, and we want to thank them for their dedicated service.

### **Our Stockholders**

Our overriding goal in everything that we do is to build stockholder value. In 2006, we further strengthened our business, posted record financial results and made solid strides in implementing our new initiatives. We remain committed to building new businesses and expanding into new markets so we can continue to deliver exceptional results. We have the right strategy and the right people in place to accomplish this goal.

On behalf of all of the management and staff, we thank you for the support you have given us as we have built your company into a leader in the financial services industry. We are enthusiastic about the opportunities and challenges that lie ahead as we expand into new businesses and markets. With your continued support and trust, we are confident that we will meet the objectives that we have set forth for 2007 and for the future.



**David Krell**  
President & Chief  
Executive Officer

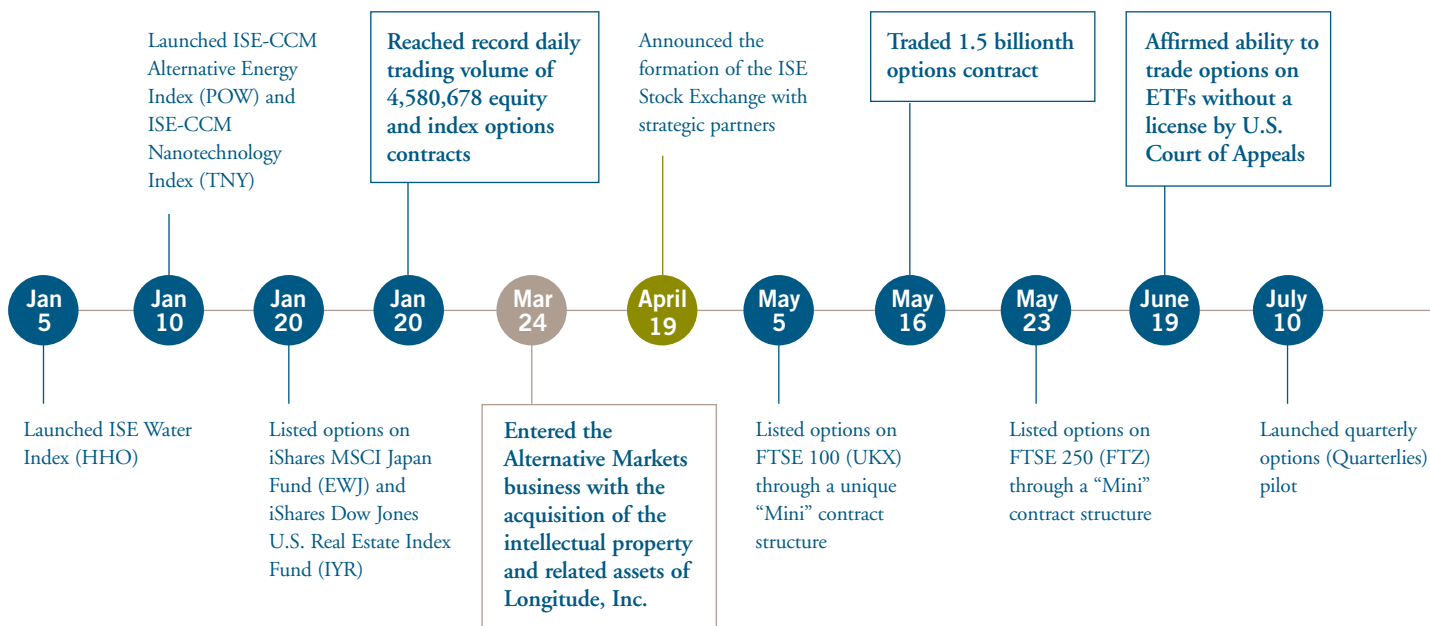


**Gary Katz**  
Chief Operating Officer

## SUMMARY OF ACCOMPLISHMENTS



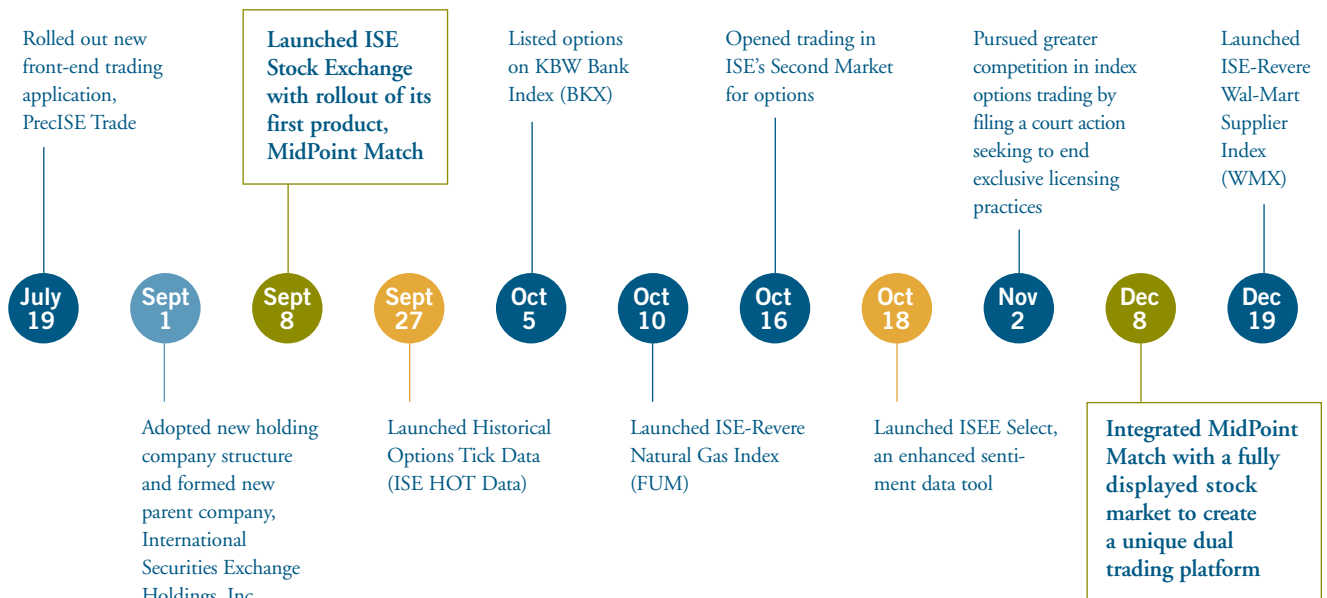
● Options Exchange ● Stock Exchange ● Alternative Markets ● Information-Market Data ● Corporate



Technology is a cornerstone of our business.



Customer Service is a priority.



We provide a highly scalable, low latency operating environment.



Our Market Operations team monitors market activity.



“We are proud to report that 2006 was a year of **record financial achievement** for ISE and a year that marked our transformation to a holding company that operates **innovative securities markets.**”



### International Securities Exchange Holdings, Inc.

#### Frank J. Jones, Ph.D.

*Chairman of the Board*  
Professor, San Jose State University

#### John F. Marshall, Ph.D.

*Vice Chairman of the Board*  
Senior Principal, Marshall, Tucker & Associates, LLC

#### David Krell

President and Chief Executive Officer

#### Barbara B. Diamond

Retired

#### Mark P. Kritzman

Managing Partner,  
Windham Capital Management

#### Sarah A. Miller

Director and Chief Regulatory Officer,  
American Bankers Association,  
and General Counsel,  
ABA Securities Association

#### Carleton Day Pearl

Financial Industry Consultant

#### Richard Schmalensee, Ph.D.

Dean, MIT Sloan School of Management

#### Ivers W. Riley

Retired

### International Securities Exchange, LLC

#### Frank J. Jones, Ph.D.

*Chairman of the Board*  
Professor, San Jose State University

#### John F. Marshall, Ph.D.

*Vice Chairman of the Board*  
Senior Principal, Marshall, Tucker & Associates, LLC

#### David Krell

President and Chief Executive Officer

#### Peter Bottini

Executive Vice President of  
Trading/Customer Service,  
optionsXpress, Inc.

#### Edward Boyle

Vice President and Director, Corporate  
Development, TD Options LLC

#### Barbara B. Diamond

Retired

#### Sean Flynn

Trader, Timber Hill, LLC

#### James V. Harkness

Chief Operating Officer and Principal,  
Wolverine Trading, LLC

#### Mark P. Kritzman

Managing Partner, Windham  
Capital Management

#### Jason Lehman

Head of Global Volatility Arbitrage,  
Citadel Investment Group, LLC

#### Sarah A. Miller

Director and Chief Regulatory Officer,  
American Bankers Association,  
and General Counsel,  
ABA Securities Association

#### Carleton Day Pearl

Financial Industry Consultant

#### William A. Porter

Managing Member, Casey Securities, LLC

#### Richard Schmalensee, Ph.D.

Dean, MIT Sloan School of Management

#### Ivers W. Riley

Retired

## BOARD COMMITTEES

### Finance and Audit Committee<sup>(1)</sup>

John F. Marshall, Ph.D., *Chairperson*  
Barbara B. Diamond  
Mark P. Kritzman  
Carleton Day Pearl

### Compensation Committee<sup>(2)</sup>

Barbara B. Diamond, *Chairperson*  
John F. Marshall, Ph.D.  
Sarah A. Miller  
Richard Schmalensee, Ph.D.

### Corporate Governance Committee<sup>(3)</sup>

Frank J. Jones, Ph.D., *Co-Chairperson*  
Sarah A. Miller, *Co-Chairperson*  
Barbara B. Diamond  
Mark P. Kritzman  
John F. Marshall, Ph.D.  
Carleton Day Pearl  
Ivers W. Riley  
Richard Schmalensee, Ph.D.

### Executive Committee<sup>(4)</sup>

David Krell, *Chairperson*  
Frank J. Jones, Ph.D.  
John F. Marshall, Ph.D.  
Carleton Day Pearl

### Committee for Review<sup>(5)</sup>

Mark P. Kritzman, *Chairperson*  
James V. Harkness  
Jason Lehman  
John F. Marshall, Ph.D.  
Sarah A. Miller

<sup>(1)</sup> This committee also serves as the Finance and Audit Committee of International Securities Exchange, LLC.

<sup>(2)</sup> This committee also serves as the Compensation Committee of International Securities Exchange, LLC.

<sup>(3)</sup> This committee also serves as the Corporate Governance Committee of International Securities Exchange, LLC.

<sup>(4)</sup> This committee also serves as the Executive Committee of International Securities Exchange, LLC with the addition of James V. Harkness and William A. Porter.

<sup>(5)</sup> This serves as a committee of International Securities Exchange, LLC only.



**Corporate Management –  
International Securities Exchange Holdings, Inc.**

**David Krell**, President and Chief Executive Officer

**Gary Katz**, Chief Operating Officer

**Bruce Cooperman**, Treasurer and Chief Financial Officer

**Michael J. Simon**, Secretary

**Amit Muni**, Principal Accounting Officer

**Operating Management –  
International Securities Exchange, LLC**

**David Krell**, President and Chief Executive Officer

**Gary Katz**, Chief Operating Officer

**Thomas Ascher**, Chief Strategy Officer

**Andrew F. Brenner**, Managing Director,  
ISE Stock Exchange

**Bruce Cooperman**, Chief Financial Officer

**Daniel P. Friel**, Chief Information Officer

**Bruce Goldberg**, Chief Marketing Officer

**Michael J. Simon**, General Counsel, Secretary  
and Chief Regulatory Officer

**Thomas Bendixen**, Corporate Initiatives Officer

**Lawrence P. Campbell**, Chief Technology Officer

**Robert J. Cornish**, Technology Infrastructure and  
Development Officer

**Joseph W. Ferraro III**, Associate General Counsel and  
Legal Officer

**Thomas Gibbons**, Investor Relations Officer

**Kimberly Hicks**, Administrative Officer

**Alex Jacobson**, Education Officer

**Michael Knesevitch**, Business Director,  
Alternative Markets

**Jerome Mangano**, Technology Operations and  
Support Officer

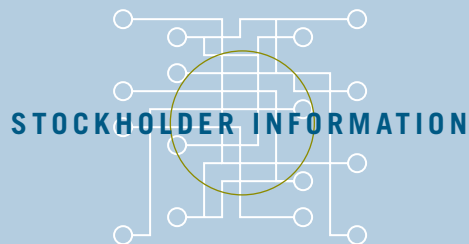
**Gregory J. Maynard**, System and Product Strategy Officer

**Amit Muni**, Principal Accounting Officer

**Richard T. Pombonyo**, Member Relations Officer

**James O. Sampson III**, Trading and Market  
Operations Officer

**Katherine Simmons**, Deputy General Counsel, Legal  
Officer and Assistant Secretary



### Executive Offices

International Securities Exchange Holdings, Inc.  
60 Broad Street, New York, NY 10004  
212-943-2400, [www.iseoptions.com](http://www.iseoptions.com)

### Common Stock

The common stock of the International Securities Exchange Holdings, Inc. is listed on the New York Stock Exchange under the ticker symbol "ISE."

### Investor Inquiries

General information about the Company and copies of the Annual Report on Form 10-K and other filings with the U.S. Securities and Exchange Commission can be obtained online at: [www.iseoptions.com/investorrelations](http://www.iseoptions.com/investorrelations), by email at [investorrelations@iseoptions.com](mailto:investorrelations@iseoptions.com), or by calling: 800-518-1547.

### Transfer Agent and Registrar

For information about address changes, lost certificates, stock ownership and other inquiries, contact:

Computershare Trust Company, Inc.  
Phone: 800-962-4284 / Fax: 303-262-0700  
Street Address:  
350 Indiana Street, Suite 800, Golden, CO 80401  
Mailing Address:  
Post Office Box 1596, Denver, CO 80201

### Independent Auditors

Ernst & Young LLP  
5 Times Square, New York, NY 10036  
Phone: 212-773-3000

### Annual Meeting of Stockholders

The Annual Meeting of Stockholders will be held at 10:00 a.m., local time, on Tuesday, May 8, 2007, at The Down Town Association, 60 Pine Street, New York, NY 10005.

### Certifications

The certification by our Chief Executive Officer and Chief Financial Officer required by the Sarbanes-Oxley Act of 2002 are filed as exhibits to the 2006 Annual Report on Form 10-K. Our Chief Executive Officer's most recent certification to the New York Stock Exchange was submitted in April 2006.

Information contained in this Annual Report may be subject to detailed Exchange rules that are subject to change. No statement in this Annual Report should be construed as a recommendation to buy or sell a security or to provide investment advice. Options involve risk and are not suitable for all investors. Prior to buying or selling an option, a person must receive a copy of Characteristics and Risks of Standardized Options. A copy of this document is available from your broker or ISE. The document discusses exchange-traded options issued by The Options Clearing Corporation and is intended for education purposes.

Certain matters discussed in this publication are "forward looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements, to be materially different from those contemplated by the forward looking statements. We undertake no ongoing obligation, other than that imposed by law, to update these statements. Factors that could affect our results, levels of activity, performance or achievements and cause them to materially differ from those contained in the forward looking statements can be found in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K, Current Reports on Form 8-K and Quarterly Reports on Form 10-Q, as amended.

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