

The Archipelago Exchange Rolls Out the Trading of OTC Equities

-- All-electronic, national stock exchange complements listed stock trading with phase-in of OTC stocks from high-volume ECN platform --

CHICAGO – February 12, 2003 – The Archipelago Exchangesm (ArcaExsm), the nation's first totally open, fully electronic stock exchange, today announced the beginning of a phase-in process that will migrate the trading of NASDAQ-listed stocks from the Archipelago ECN to the ArcaEx trading platform. The phase-in will begin on February 14, 2003 and is scheduled to be completed by the end of the first quarter. Upon completion of the phase-in, listed and NASDAQ equities will be tradable via ArcaEx – making ArcaEx the only national stock exchange trading all NYSE, NASDAQ, Amex and Pacific Exchange listings.

“With the addition of NASDAQ-listed stocks, ArcaEx provides a single gateway to trade virtually all U.S. equities using Archipelago's hallmarks of speed, transparency and best execution,” said Jerry Putnam, CEO of Archipelago. “We have made great strides in OTC trading on the Archipelago ECN, capturing an ever-increasing share of NASDAQ volume, to the point where Archipelago interacts with one in four NASDAQ shares traded. Moving this trading to ArcaEx, operating under our own rule set, coupled with the investment we have made in new technology, strengthens our competitive position in trading NASDAQ-listed stocks.”

Archipelago's migration of NASDAQ stocks from the ECN platform to ArcaEx also means that Archipelago will no longer be a direct participant in Nasdaq's SuperMontage. Archipelago has been the second largest provider of liquidity to SuperMontage.

ArcaEx allows all buyers and sellers, including broker-dealers, sponsored institutions and market makers, to meet electronically and view the same trading information via an open order book. The exchange employs smart order routing technology to identify the best price for each transaction, whether on ArcaEx or at any other destination. All major liquidity pools, including SuperMontage and ECNs, are accessible via ArcaEx.

The rollout of listed stocks on the ArcaEx was completed on August 16, 2002.

About Archipelago

Dedicated to openness, transparency and equal access to equity markets, Archipelago has been a dynamic agent of change in the financial services industry since inception.

Archipelago's leading-edge technology, open architecture and unbiased trading platform provide investors with fast, cost-efficient and anonymous market access. The parent company of both the Archipelago Exchange (ArcaEx) and the Archipelago ECN, Archipelago features a trading system that employs a proprietary algorithm to search for the best execution for each order. ArcaEx is the first totally open, fully electronic stock market that will trade in all New York Stock Exchange, NASDAQ, American Stock Exchange and Pacific Exchange securities. ArcaEx is regulated by the Pacific Exchange. The Archipelago ECN, one of four original ECNs, was formed in December 1996 with Townsend Analytics. Through the merger with REDIBook, it contends for the greatest trading volume in NASDAQ stocks among all ECNs. For more information about Archipelago, please visit www.archipelago.com.

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