
MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen, and welcome to the Fourth Quarter and Year End 2009 IntercontinentalExchange Earnings Conference Call. Today's call is being recorded. I would now like to turn the presentation over to your host for today's call, Kelly Loeffler, Vice President of Investor Relations and Corporate Communications. Please go ahead.

Kelly Loeffler, Vice President, Investor Relations and Corporate Communications

Good morning. To obtain a copy of the Company's fourth quarter earnings release and presentation, please visit the Investor section of our website at theice.com. These items will be archived, and our call will be available for replay.

Before we begin, please be aware that our comments may contain forward-looking statements that represent our current judgments, and are subject to various risks, assumptions and uncertainties as outlined in the Company's filings with the SEC, including our Form 10-K, which was published this morning. For a description of the risks that could cause our results to differ materially from those that are described in the forward-looking statements, please refer to the filings. Actual results may differ materially from those that are expressed or anticipated in any forward-looking statement.

We'll discuss adjusted net income attributable to ICE, adjusted operating income, adjusted operating expenses, adjusted margin and adjusted earnings per share, as well as adjusted EBITDA. These are non-GAAP financial measures that exclude non-operating charges that we believe are not reflective of our normal operating performance. The reconciliation of these non-GAAP financial measures to the equivalent GAAP results, an explanation of why we deem these non-GAAP measures meaningful appear in our earnings press release and earnings presentation.

With us today are Jeff Sprecher, Chairman and CEO; Scott Hill, Chief Financial Officer; and Chuck Vice, President and Chief Operating Officer. At the conclusion of the prepared remarks we'll take your questions. I'll now turn the call over to Scott.

Scott A. Hill, Senior Vice President and Chief Financial Officer

Good morning, and thank you all for joining us. I'm pleased to report that ICE once again achieved record quarterly results during the fourth quarter, and for the full year 2009, we delivered exceptional results by virtually any metric.

ICE delivered double-digit revenue growth, resulting in our sixth consecutive year of record revenue. This was coupled with record operating income, record net income and record cash flow. Not only did we turn in strong growth in our core business, we also executed on the ambitious set of strategic and financial objectives that we committed to at the start of 2009. These included the successful launch of the leading CDS clearinghouses in Europe and the U.S., the introduction of over 200 new OTC energy contracts and the integration of two acquired companies.

These objectives were achieved despite an economic environment that remained weak throughout the year. Our ability to sustain growth and capitalize on new opportunities, regardless of the business cycle, is a result of our diversification and consistent innovation.

Our GAAP results for the fourth quarter and full year, which are reflected in this presentation, include a number of non-recurring items, which are detailed in the appendix of the presentation. This morning we'll focus our comments on the adjusted figures, as we believe they provide a more accurate view of our business performance.

If you turn to Slide Four, I'll begin with the fourth quarter 2009 results. We achieved record consolidated revenues of \$257 million, up 24% over 4Q '08. Consolidated adjusted net income attributable to ICE grew 39% to \$84 million compared to \$60 million adjusted net income in the prior fourth quarter.

Our tax rate for the quarter and the year was 36%, which was at the high end of our guidance. This primarily related to changes in state tax laws and the mix of our business across the state. We expect our tax rate in 2010 to once again be in the 34 to 36% range. Adjusted diluted EPS rose 37% to \$1.12 and our adjusted EBITDA increased 32% versus the fourth quarter of 2008.

Let's move now to Slide Five. Starting on the left hand side of the chart, transaction and clearing revenues rose 29% to \$229 million during the quarter. This includes \$102 million from our Futures segment, \$87 million from OTC Energy and \$39 million from OTC Credit. Market Data and other revenues totaled \$27 million.

Shifting to the right side of the slide, we detailed fourth quarter consolidated operating expenses on a GAAP and adjusted basis. Our 4Q expense includes a number of items, which are not reflective of our normal operating expenses. These items include additional severance expenses associated with our recent acquisitions, an additional compensation and SG&A expense from true ups related to adjustments of withholding and sales use taxes.

On an adjusted basis, fourth quarter operating expenses increased 12% year to year, driven primarily by investments in our CDS Clearing initiative and a \$5 million true up of our full year bonus accrual as a result of a very strong end to a very strong year. While this true up is for the full year and thus not reflective of our quarterly run rate compensation expense, we've not excluded it from our adjusted expense because it is consistent with our pay for performance culture.

Adjusted operating margin, which you can see on the lower right side of the slide, improved to 52% compared to 47% in the prior fourth quarter. The adjusted operating margin, excluding our CDS Brokerage business, was 62%. Despite some of the noise in our operating expense, we delivered strong profit and cash growth in the fourth quarter and are well positioned to continue to profitably expand our business, launch meaningful new products that leverage our Clearing and Execution infrastructure and enter new markets.

Moving to Slide Six, I'll cover our Energy Futures business. During the fourth quarter ICE Futures Europe achieved record transaction revenues of \$68 million, up 28% year to year with average daily volume, or ADV, of 689,000 contracts. Notably, our benchmark Brent Crude and Gas Oil Futures revenues reached record levels during the quarter. Open interest for ICE Futures Europe grew 24% during 2009, reflecting the strong presence of global commercial customers in our markets and our attractive product suite. As reported last week, volumes in our Energy Futures markets remain strong with January ADV up 21% over January of 2009, including Brent ADV up 20% and Gas Oil up 36%. Importantly, growth rates have accelerated further in the first part of February.

Turning to Slide Seven, you'll see the fourth quarter performance of our Agricultural and Financial Futures exchange. ADV was 360,000 contracts per day, which was off about 1% from last 4Q. Our Ag complex and sugar in particular was generally strong and recovered throughout the year following the challenges of a difficult credit market. However, the Russell Index volumes, like the rest of the equity product market, were soft. Nonetheless, we continued to increase our Russell 2000 market share, relative to the S&P 500 futures and believe we are well positioned to benefit when markets recover. Earlier this month we reported that January 2010 average daily volume for ICE Futures U.S. increased 30% and growth has continued to accelerate in the first part of February.

Our OTC segment performance is detailed on Slide Eight. Total OTC transaction revenues rose 37% in the fourth quarter with average daily commission or ADC for energy reaching a record \$1.3 million, up 53% from 4Q '08. This was also the third consecutive quarter of record revenues in our OTC Oil and Power markets and we had the best quarter for our Natural Gas business since 3Q '08.

Our stronger results were also driven by the more than 200 new products that we began clearing in 2009. These new products contributed over \$3.5 million in net revenue or roughly \$0.03 of earnings per share in the fourth quarter. For all of 2009, these new OTC products added over \$7 million in revenue, and this is despite being very early in their product life cycle. In total a record 97% of our 4Q volume was cleared.

Our OTC Energy business continued to perform well in January with average daily commissions exceeding \$1.4 million and February results thus far are very encouraging.

Turning to our Credit businesses, revenues totaled \$39 million during the fourth quarter. This includes \$29 million from Creditex and \$10 million from CDS Clearing. Creditex's Electronic Transaction Services accounted for 39% of our fourth quarter Creditex revenues. The traditional brokerage business for credit derivatives is showing some early signs of improvement and our electronic product offerings continue to provide attractive margins.

On the CDS Clearing side, we generated \$10 million of revenue during the fourth quarter and full year revenues of \$31 million, which was slightly above the high end of our prior guidance. Despite heavy investment typical of any start-up business, CDS Clearing was cash flow positive during its first nine months of operation. While our credit derivative strategy is at an early stage, we believe it is an important platform for future growth that will offer healthy returns when credit markets normalize.

Turning now to Slide Nine you'll see the summary financials for our full year performance. Consolidated revenues were \$995 million, up 22% versus 2008. Adjusted net income attributable to ICE rose to a record \$334 million. Adjusted EBITDA grew 14% and operating cash flow increased 30% over 2008. In another year of economic turmoil, we continued to invest and expand our business and we emerged with more earnings, more cash and more revenue-producing assets.

On Slide 10 you'll find a snapshot of our guidance for 2010. I won't review it now in detail, but I will note one item. For CDS Clearing we have provided preliminary 2010 revenue guidance of 60 to \$80 million. This is based upon assumptions relating to product rollouts, regulatory approvals, additional customers, founding member pricing structures and a gradual improvement in the CDS market. The year-to-year revenue growth implicit in this guidance will be supported by lower expenses as start-up investments subside, thus we expect net margins on this revenue guidance to be between 16 and 20% after accounting for the 50% profit sharing with the selling shareholders in the Clearing Corp.

Before handing the call over to Jeff, I'd like to highlight the consistent track record of growth and strong financial returns we've established, starting on Slide 11. This morning I've covered the growth in our core business and the successful delivery of many strategic initiatives. All of this enabled us to grow revenues 22% in 2009 which contributes to our nearly 60% compound annual growth rate since 2005. Importantly, of the \$840 million of revenue growth from 2005 to 2009, more than half of that growth has been organic. However the key question is whether there's top line growth and the associated investment required to generate value for our shareholders.

Let's turn to Slide 12 to answer that question. The metrics on this slide demonstrate the consistently strong financial returns our business model has produced. We have a strong core business which provides solid growth and profitability, we take a very balanced and disciplined approach to capital deployment and acquisitions, we act quickly to identify and consistently deliver

on synergies and finally we have an innovative customer oriented culture with rewards tied directly to the Company's results and aligned with our shareholders' interests.

This means that we come to work every day focused on growing our top line, improving margins and carefully managing every line of expense. However, we recognize that investors don't directly benefit from revenue or margins alone. They benefit from profit, cash and high returns on invested capital. These are the true measures of value creation. And as this chart demonstrates, we have consistently delivered strong value and returns to our shareholders. We've grown adjusted EBITDA and operating cash by nearly 80% a year since 2005, including strong growth once again in 2009. As a result, we are generating industry-leading returns on invested capital or ROIC.

ROIC matters because it considers the capital we deploy for acquisitions, CapEx and operating expenses and dispassionately asks whether management is making optimal decisions to deploy capital in an efficient manner, and importantly, generating returns in excess of our cost of capital. We believe the answer to those questions, as reflected on the lower left-hand portion of this chart, is an unequivocal yes for ICE and our shareholders. Even as we have heavily invested in future growth over the last two years, and regardless of the economic environment, the nearly 16% returns we delivered in 2009 and the strong returns in '07 and '08 are well above our cost of capital and clearly distinguish ICE from our peers and demonstrate the positive economic value we are creating for shareholders.

With that I will ask that you please refer to this morning's earnings press release for further details on our quarterly performance, as well as more detailed guidance for 2010. I'd like to note that we filed our 10-K this morning, and I'll be happy to address any questions during the Q&A. Jeff, over to you.

Jeffrey C. Sprecher, Chairman and Chief Executive Officer

Thank you, Scott, and good morning. While ICE's strong financial performance speaks for itself, I want to update you on our strategies to continue to build the business. I also want to mention, on behalf of the global management team here at ICE, that we're never satisfied, regardless of our industry-leading results. Given the strong foundation we've built, there are many avenues for our continued growth over the next several years, and as entrepreneurs we will continue to create opportunity.

ICE's core business comprises Execution, Clearing, Data and Trade Services across the futures and over-the-counter markets. Since the beginning of the decade, and particularly over the last two years, we've expanded our reach into the over-the-counter markets by introducing successful new contracts and by building world-class clearinghouses. In our broader business we've expanded the number of customers and segments that we serve, and we've taken advantage of change and technology to develop new approaches to our century-old business.

While regulation of our industry will continue to evolve, we've demonstrated that our markets continue to grow amid change. Regulatory and legislative proposals are not factors that we believe will hinder or change the opportunity set before our global franchise.

The factors that have driven our growth historically are much larger than these and they're secular in nature. Any changes that have occurred have more often than not presented opportunities rather than risks. And today we operate a business that's likely to benefit from regulatory change, including clearinghouses, electronic trade execution and processing platforms.

Despite the economic and regulatory uncertainty that's existed in one form or another for several years, we have a demonstrated track record of developing solutions to support such evolution. And

our revenues, our earnings, our volume and our open interests all stand at record levels. In other words, we are well positioned to take advantage of the opportunities that come along with change.

Our results continue to reinforce the fact that ICE can deliver solutions that are responsive to a dynamic environment and accretive to our shareholders.

I'll take a few minutes to provide some context for the foundation of our growth. Our core business is rooted in the physical commodity markets, which continue to significantly outperform within the exchange sector. These markets have provided steady and healthy earnings growth and cash flow, as well as access to new business opportunities for us. As Scott has just detailed, our core business has been a consistent performer despite the difficult economic climate.

You'll see beginning on Slide 13 that strategic diversification across our business is an important driver of our opportunity set. First, we acquired new businesses that have diversified and expanded our reach into new markets. You can see on the slide the healthy diversification that we've achieved among products, market participants and geographies. Since the start of 2007, we've added five clearinghouses and three new asset classes. These classes include agricultural futures, financial futures and credit derivatives, and today they account for about a third of our revenues. Each represents a significant, addressable market in which we have just begun to tap the potential.

These moves required adopting a strategic vision about what it would take to produce revenue growth down the road, rather than just relying on cost cutting as a strategy. In terms of customers, we're one of the most commercially oriented exchange operators based on our customer mix.

ICE's markets have been generally defined and developed out of commercial hedging needs, particularly in the over-the-counter markets. In 2009, over 50% of our Over-the-Counter Energy revenues came from commercial end users. And this percentage has been rising through the years as we have diversified our product offering.

You can also see that we've established attractive geographic diversification, with 40% of our revenues now coming from outside the United States. The broad distribution of our electronic markets for commodities has served us well amid the economic downturn. As countries outside of the West continue to grow, the reliance on commodity markets and the use of hedging is also growing. We're also seeing growth across Europe and in natural resource based economies. I've spoken many times about the growth potential that commodities hold, and this continues to bear out in our results.

We've effectively tapped new geographies and developed new products simply by leveraging our core commodity business. Great examples of our global product platform are ICE's Brent Crude and Gas Oil Futures markets. Both of these products just turned in their 12th consecutive annual record volume years, and Gas Oil set yet another daily volume record just yesterday. Brent continues to be a dominant global oil benchmark due to its role in pricing the majority of physical crude markets around the world. And Gas Oil has become a dominant refined oil product benchmark due to its role in setting refined product prices outside the U.S. These are just two examples of products that we use to provide entrees into new geographies at very low incremental cost to ICE.

The next area that I'd like to touch on is our measurable results in developing new products. Many of you are aware of the success that we've had with the ICE West Texas intermediate crude oil contract, which we launched in 2006, and last year, which contributed \$49 million to our consolidated revenues. But there are many, many more recent new product success stories at ICE. In 2009 we had success with the launch of a Coal Futures market, and we've continued to set records with this suite of coal products into the New Year.

Coal is another globally relevant product, and we're forging new trading relationships in Asia, Europe and the United States. In addition, we just cleared our first iron ore contract last week, and according to many estimates, iron ore is one of the largest commodities purchased by China. Our Futures contracts such as iron ore and coal are designed as hedging tools for both buyers and sellers of physical commodities, as well as for firms with exposure to industrialization in these emerging economies.

In the energy markets we brought new products to market quickly and effectively. As we discussed on our fourth quarter earnings call last year, we had a pipeline of new Over-the-Counter Energy products to roll through ICE Clear Europe in 2009, and we did so successfully, with over 200 new contracts introduced, resulting in market share and volume gain. The \$7 million from these products that Scott mentioned earlier is on top of the incremental revenues related to cross selling and basis trading with our existing core products. As a result of these efforts to grow our markets, last year we achieved our sixth consecutive record for average daily commission in the over-the-counter markets.

So you can see, we've had tangible results from new products, which have helped to establish ICE Futures and Over-the-Counter Energy marketplaces as perhaps the most comprehensive available.

Now if you'll turn to Slide 14, I'll touch on another milestone that we achieved in 2009 which was our move into clearing financial over-the-counter markets. Based on our depth of understanding the over-the-counter markets, we were able to respond effectively to the call by regulators for credit default swap clearing. Today we operate the leading global credit default swap clearing solution, serving both the buy-side and the sell-side. This was and continues to be an important accomplishment not only for ICE, but for market participants and regulators.

Many of you have followed our progress as we've assisted with the restructuring of the CDS markets over the past two years. On the slide here you'll see the quantitative and qualitative results of our leadership. It required substantial effort by the team here at ICE working non-stop over the last 18 months to successfully deliver this initiative.

For those new to ICE, let me just recap briefly. In June 2008, seeing the need for clearing in the credit markets, just as we did years earlier in the energy markets, we announced our acquisition of Creditex, a leading provider of CDS trade execution and trade processing. We moved very quickly to close that transaction in August of that year and we incorporated a team with tremendous credit knowledge. The collapse of Lehman Brothers occurred between the closing of the Creditex transaction in August and the successful launch of our new European clearinghouse in November of 2008. And amid all of this we announced that we were going to acquire the Clearing Corporation, furthering our clearing objectives.

Finally, in March 2009 we closed on that transaction and launched what is now the leading clearinghouse for credit default swaps in the United States and in July we launched what is now Europe's leading credit default swap clearinghouse.

ICE Trust and ICE Clear Europe have served as a model for addressing the complexities of the over-the-counter markets serving the buy-side and the sell-side and working across regulatory jurisdictions. To-date, ICE has cleared over \$5.5 trillion in credit default swaps in the aggregate and as of year-end, the cash in ICE's CDS guarantee fund, supporting the over-the-counter credit default swap markets exclusively, exceeded \$3 billion, which we believe is one of the largest cash guarantee funds for any single product.

In addition to providing the only dedicated default fund for credit default swaps, we put in place the most stringent risk standard of any competing model, a model that delivers capital efficiency without changing the work flow of our market participants. In other words, we've effectively removed financial and systemic risk without introducing operational risk. This year we plan to deliver

operational and product additions for credit default swap clearing and we're working closely with customers to ensure that our solution remains the most comprehensive in supporting the recovery and the growth of over-the-counter markets.

Let me conclude on Slide 15 with a quick recap of some of the defining features of ICE's model that we believe will allow us to continue to outperform our peers. First, ICE's business is primarily driven by commercial participation. As a result, we grew and withstood the test of reduced liquidity during economic uncertainty. Secondly, our business is well-diversified and global, providing access to opportunities that arise across markets and across geographies. And thirdly, we've demonstrated our flexibility to respond to the needs across both futures markets and over-the-counter markets. These strengths have produced consistently strong operational and financial performance.

We grew our top and bottom line while investing in future growth. In fact, ICE's net income for 2009 was 31% higher than 2007, when the financial crisis began. Importantly, our early results this year demonstrate continued health in our business, with current quarter to date futures and over-the-counter average daily commissions up over 30% year-over-year. Open interest and volumes in many of our major benchmark contracts are at their all-time highs.

In closing, you can see that ICE is working to affect positive evolution in markets, responding to the risk management needs of our growing customer base and exploiting the opportunities that exist amid a sea of continued change.

On behalf of everyone here at ICE, I want to thank our customers again for trusting us with their business in 2009 during a period of great uncertainty. And I want to thank all of my colleagues here on the ICE team for their hard work in exceeding our objectives last year.

Let me now turn it over to the operator. And Operator, could you please moderate our question-and-answer session?

QUESTION AND ANSWER SECTION

Operator: Thank you. The question-and-answer session will be conducted electronically. [Operator Instructions] We ask that you limit your question to one question and one follow up. [Operator Instructions] And our first question we'll hear from Roger Freeman with Barclays Capital.

<Q – Roger Freeman>: Hi. Good morning. I guess, let me just, first on CDS. Jeff, what are your thoughts about the uptake on the single-name side? It started out very weak and it's picked up a bit. But we're hearing in general there seems to be limited customer interest actually in doing this. And I guess the question is, is it going to have to be mandated? And maybe also what's in your guidance – what are the assumptions in that guidance for this year on 40 to – the 60 to 80 million?

<A – Jeffrey Sprecher>: Well, last week I think we did about 10,000 trades which is one of our biggest clearing weeks ever. So I would say that broadly speaking there is tremendous uptake and as we clear Single Names, there's a lot of demand for Single Names and in fact tension in the market as to which names we should roll out first. As you can imagine right now, there's a big push to try to deal with the Single Names related to the sovereign debt particularly in Europe, with a lot of risk attached to that. So there's debate as these products get rolled out.

But nonetheless, what we're seeing is tremendous use once we roll them out. I think implicit in your question is, the buy-side, or people who are non-bank market participants are not under regulatory pressure to use clearing and my sense is that some will and some won't and there will be an evolution. I think it looks a lot to us like the energy business when we started in 2002, clearing was very disliked by most market participants and as we just made a comment in our prepared remark, we now have 97% of the business that goes across our trading platform, goes to clearing. So in, let's call it a period of seven years or so, there's been a dramatic change and I would think it will be shortened in the credit markets given regulatory pressure, but nonetheless, it will be a multi-year process.

<A – Scott Hill>: Just to put a couple of numbers around that. As Jeff mentioned, we had a good week last week and Single Name on an inception-to-date basis, we're at, give or take a little bit, 120 billion of notional cleared. Half of that came in last week, so there is clearly uptake on the Single Names and we would expect that to continue. As you know, we didn't roll out every Single Name the first -- at launch. We're continuing every couple of weeks to roll out more Single Names. So as we work through that rollout, we'll see the notional grow and then revenue will go along with that.

And just directly to your question, embedded in the 60 to \$80 million is the rollout schedule we've got for Single Names that'll occur predominantly through the first quarter, some into the early part of second quarter and an expectation that we will see good uptake just as we did with Indices. And in addition to that, we're getting some good early signs from the market both on the Clearing side and on our Brokerage business. In January we did see the trading activity around Indices and Single Names pick up, which is a further good indication for us as we look through the rest of the year.

<Q – Roger Freeman>: Okay. That's helpful. I guess I'll just use my follow-up on CDS as well. Are the economics for the buy-side to clear through your clearinghouse better than for them to just buy CDS on the dealers that they're counter-partying with as protection? And Jeff, can you just clarify on the sovereign what you're rolling out and when, because that sounds like it would be an interesting opportunity?

<A – Jeff Sprecher>: Sure, I mean I think there's no one answer on the buy-side economics. People that have a very balanced portfolio I think will find that as they move it into the clearinghouse they will likely have lower net margin net capital outstanding. People that take directional risk will find that it's very expensive to clear, and every prime broker has different rates

and structures and are looking at their customer positions slightly differently, so there's no one good answer. That's why, Roger, I think it'll be an evolutionary not a revolutionary process.

<Q – Roger Freeman>: Yes.

<A – Jeffrey Sprecher>: The second part of your question on sovereigns, sovereigns present a unique risk and it's one that we're debating with the market and with regulators. For example, if you have a Italian bank that's writing protection against the default of the Italian government...

<Q – Roger Freeman>: Right.

<A – Jeffrey Sprecher>: What is that risk? And is it possible for an Italian bank to survive the collapse of its own government?

<Q – Roger Freeman>: Right.

<A – Jeffrey Sprecher>: Those are the kinds of things that come into clearing sovereigns that the market has never really seen addressed in a holistic way before and we're being asked to be at the center of that discussion. There's obviously tremendous demand, and I suspect once we move through the distress in sovereign trading, there'll be some other sector that will come to the forefront and will present unique challenges. So we're kind of chasing those around.

<Q – Roger Freeman>: Yeah. Interesting stuff. Thanks.

<A – Jeffrey Sprecher>: Thank you.

Operator: And next we'll move to Ken Worthington with JPMorgan.

<Q – Kenneth Worthington>: Hi. Good morning.

<A – Jeffrey Sprecher>: Good morning.

<Q – Kenneth Worthington>: Jeff, maybe to follow up on your comments on the geographic diversity in Asia, when you think about growth for ICE over the next five years, I guess how important is Asia to the growth story? And then if you can give us any metrics on Asia, like what portion of your Energy business comes from Asia today versus maybe a year ago, or growth of trading screens in Asia? Anything we can use to kind of wrap our fingers around the concept.

<A – Jeffrey Sprecher>: Sure. I think – let me just say we kind of use Asia as an acronym for the concept of emerging market growth. What we're seeing is that as emerging markets grow, even markets like China where we have no direct access, people that are doing business there are having to use more commodities, and as they use more commodities they're taking up the concept of hedging around them. So broadly speaking we've done well because there is growth outside of the West and there is risk outside of the West and people are hedging against that growth.

And as you know more than anyone, Ken, even in economies where there's been economic shrinking, people still hedge because they're really trying to figure out their risk profile. And, in many cases, we don't care whether prices are moving up or down. It's hard to put a specific number on it, but you can see the trends in our non-U.S. business, which is -- and you can also see Brent crude oil, which is a marker for Europe and Asia, is outperforming the volume growth of our West Texas Intermediate contract, which is levered to the United States economy. And so you can just see the trend pulling us to the east.

<Q – Kenneth Worthington>: Okay. Any idea on screens? It seems like that might be a metric you might be able to share.

<A – Jeffrey Sprecher>: Don't necessarily look at it that way. We do monitor in trying to budget for the Company internally, the growth of user IDs and passwords and demand for data, all of which continues very robustly. Has through the whole economic downturn.

<A – Scott Hill>: Yes, screens and participation and IDs all continue to grow throughout 2009, just as they had in the prior years, Ken. We don't look specifically at the screens necessarily in Asia, because a lot of the trading activity that covers Asia goes through London. As Jeff alluded to, two-thirds of the world's oil is benchmarked to Brent. Brent trades on our London exchange. If you looked at the Brent growth over the past few months, I think a lot of what you're seeing is trading that relates to Asia but that's coming through the London exchange. So we don't break the screens down along countries. I'll tell you, from a country revenue standpoint, we saw Singapore in 2009, as an example, grow in the relative percentage of the business we get. But in terms of looking at it more deeply than that, we don't really split it up that way.

<Q – Kenneth Worthington>: Okay. Great. Thank you very much.

<A – Jeffrey Sprecher>: Thank you.

Operator: Next we'll move to Mike Vinciguerra with BMO Capital Markets.

<Q – Michael Vinciguerra>: Scott, I just want to clarify on the – I don't want to focus on CDS too much here, but the revenue guide's 60 to 80 million. I want to make sure I understand, when you're talking about the 16 to 20% profits after the sharing, are you talking about – is that on an after tax basis to ICE pre-tax? How are we looking at that? I just want to make sure we're on the same page.

<A – Scott Hill>: Net income. It's net income.

<Q – Michael Vinciguerra>: Got it. Very good. Okay. And then as far as CDS, the contract turnover. Once the products are in the clearinghouse, are you guys getting a sense now after 10 months of what the real turnover is going to be? Are these products strictly for hedging and, therefore, don't turn over much, and it's more new generation of contracts that's going to drive growth in the business? Or anything you could share there would be helpful.

<A – Scott Hill>: Yes, it's still really early on the Single Name side, so not great visibility. On the Index side, what we've seen as the notional comes in, it compresses down by 90-ish percent. If you watch over time, it compresses down another three to five to 7%. So we're getting some view that the compressed volume does, over a three to six-month period, trade in and out, but in terms of having a great metric on turnover, it's not something we've been able to establish yet. We've still got a mix of back loading and new trades coming in. So as we get better insight, if we get a metric I think would be useful, we'll clearly share it with you, but as of yet, the turnover metric's not apparent.

<Q – Michael Vinciguerra>: I understand. Okay. And then just one regulatory question. The issue around exchange for Futures, clearly it's not aimed at you guys as this point, but the market, it's clear, is worried about this as a potential opening up the clearinghouse to pseudo-fungibility. Can you guys just comment on that and whether or not this seems to be any threat to you over the near to mid-term?

<A – Jeffrey Sprecher>: Sure. Well, first of all, we believe this is an issue that's unique to the U.S. interest rate business, and that's a business that we're not in. And the reason I say that is because long ago our principal competitor, NYMEX, adopted EFFs for look-alike products to us. So this issue was dealt with in Energy years ago. And I would say that that product is probably completely unsuccessful and irrelevant in Energy, and that's because the market has developed an active position management marketplace that exists between primarily ICE and CME/NYMEX where

positions are moved back and forth as needed. We have no barriers that we've put up to allow those positions to move, and I think you can see that there's been tremendous growth in both Energy businesses over the last number of years while that market has become active.

I would say, just editorially, I think the reason that this is getting a lot of attention is the fact that there seems to be no demand for moving positions back and forth between those two exchanges. And in other words, regulators would not have to be involved in this discussion at all if there wasn't demand. These markets will form up and brokers and market makers would be happy to make two-way markets to move positions, as they do routinely now in Energy. So we agree that, with the CFTC, that it was improper for the CME to adopt a rule that basically says that any trade done on a competitor is a wash trade, but we also agree with CME that it has an obligation to manage its markets and to make sure that trades it accepts for clearing and puts across its ticker are price discovery contracts and so I believe this debate will be settled in the middle, if you will.

And last thing I would say is that part of the good debate that's coming out around financial reform, I think people are understanding that interconnecting clearinghouses that are full of trades is no different than interconnecting a series of banks that are full of trades. And that was a bad idea a few years ago in the banking sector, and it potentially could lead to the same consequence in the exchange sector if we interconnected all of this. So I think there's much more caution on the part of the market now to make sure that trades are properly accounted for, that they've been entered into in a price-discovery manner, and that they've been made transparent, and that the risk is contained in places that regulators can get their hands on them in a time of crisis.

<Q – Michael Vinciguerra>: Very helpful. Thanks, Jeff.

<A – Jeffrey Sprecher>: Thank you.

Operator: And next we'll move on to Celeste Brown with Morgan Stanley.

<A – Jeffrey Sprecher>: Good morning.

<Q – Celeste Brown>: Good morning, guys. Sorry. I was on mute. A couple of questions for you. Can you help us think about the dynamic in your, in both your Futures and your OTC Energy business? The volumes were quite strong in January, and your rolling RPC also increased. Is there something going on in the beginning of the year? Or should we continue to expect to see volume growth and RPC growth, which was, I would expect, unusual in this environment?

<A – Jeffrey Sprecher>: I think one of the things that's going on is that we've introduced a lot of new products, as we've talked about, and as we introduce those products there's take-up. And you're seeing both volume growth and RPC growth particularly for as we get into some of the niche products that are more complicated and risky and for which we can charge a premium to manage that risk versus the alternatives. We don't give forward guidance. I don't want to, I can't...

<A – Scott Hill>: With regards to the rate per contract, I mean just like I would caution you when it moved down \$0.03 not to draw a line through that, I wouldn't draw a line through up \$0.03 either. We in any given month or quarter have mix issues with regards to how many market makers we have in, what volume of commercial participants we come in. So the volume growth is strong. I don't – I wouldn't have any expectation that our rate per contracts, up or down, will move that significantly from the trends you've seen recently.

<Q – Celeste Brown>: Okay. Great. And then you gave us some guidance on the costs. I know you explicitly didn't give guidance on comp expense or anything like that, but can we think about a normalized payout ratio so we can build those – build comp into our models and then focus more on the revenues for the rest of the year?

<A – Scott Hill>: Yeah, so let me test you on that a little bit. I think, one of the things we've got inside our comp expense as you know, is we've got our Broker business. And so frankly I hope to see comp grow with that because that means our revenue is growing in that business. But based on the assumptions we've got right now for growth in that business in 2010, I think on a normalized basis you should expect comp expense to kind of be in the 57 to \$60 million range a quarter. That obviously assumes that we've got on target performance relative to our bonuses. And that's an issue I'd touch on as well.

Within those bonuses, to the extent we do outperform, which is what all of us come to work every day trying to do, any upside that we have relative to our Board-established objectives, which, as is typical of every year prior to this, require double digit top line and bottom line growth. 85% of every dollar of upside drops straight to the bottom line. And the expense we do incur for additional outperformance that goes to employees largely reflects restricted stock units that are given to employees, which have retention value because they continue to vest, and in addition to that, align the employees' interest with shareholders' because as the stock goes up, they benefit from that as well. So I think on a normalized basis you'll be looking at somewhere in the 57 to \$60 million range a quarter and again, our hope is that that goes up because performance is better than the targeted budget right now.

And I think overall, just to kind of put a head on it, expense overall for the year I would expect to be down a little bit on a GAAP basis, and even adjusted for the one-time items that we detailed, I wouldn't expect us to have more than three to 5% growth on a year-over-year basis. And again, as I mentioned, that's going to support double digit top line growth and margin expansion.

<Q – Celeste Brown>: All right. That's extraordinarily helpful. Thank you.

Operator: And next we'll move to Michael Carrier with Deutsche Bank.

<Q – Michael Carrier>: Thanks, guys. Hey, Scott, just one more thing on the expenses. Just given the adjustment on the taxes, I think it was around five million, it looks like, on the adjusted pro forma table, was that all in SG&A, I guess just what's a normalized SG&A number?

<A – Scott Hill>: No. It was roughly three in SG&A and about two-and-a-half in comp. And I think we had the normalized SG&A on Chart Five of the presentation. For the quarter, it was around 22. And I think if you look back, our quarters have typically been in the 22 to \$23 million range.

<Q – Michael Carrier>: Okay. Thanks. And then just on the increase in the buyback plan, up to 300 million, and just given that your cash is now approaching 600 million, any timing on that? And then on the CDS, guidance is 60 to 80 million, also on that, any initiatives throughout the year where you think that a certain quarter should be more weighted in terms of when those revenues are realized, or just pretty even across the quarters?

<A – Scott Hill>: Well, I think on the 60 to \$80 million, you'll see that as a build through the year. I wouldn't take the mid-point and divide by four because we're still rolling out Single Name products; we're still building out the buy-side business. So that's not something I would pick a mid-point and divide by four. I think you'll see a build over the quarters. As I mentioned the fourth quarter revenues were in the \$10 million range. Think of that as a starting point and then building quarter-by-quarter as we roll out more products and bring on more customers.

<A – Jeffrey Sprecher>: And let me comment on the cash. We have the great fortune of sitting on around \$500 million of cash with relatively low debt, and because of our strong cash flow and our very strong banking group that we have surrounding us, opportunities we believe increasingly to get access to credit should we need it. So we're sitting here being cautious, opportunistic, and those opportunities may come in buying back our own shares and, as you that follow our stock know, that sometimes things that happen in regulation or rumors that circulate tend to move our stock

dramatically and we want to be opportunistic if that's the best return on shareholder capital that we can deploy that capital. And as well we look at M&A opportunities and basically buy versus build on the initiatives that we have in front of us. So we're in a very, very strong position and we recognize that we're in that position and we're not going to do something without a lot of calculated measure.

<Q – Michael Carrier>: Okay. Thanks, guys.

Operator: And we'll move on to Jonathan Casteleyn with Susquehanna.

<Q – Jonathan Casteleyn>: Yes, thanks. Good morning. I'm just wondering if you can comment on if you're seeing any sort of abnormal seasonality in your OTC business? Or would you expect the activity that's sort of, of new stepped-up trends to continue throughout the year? Or if you've seen an abnormal seasonality in the fourth quarter?

<A – Scott Hill>: Yes, Jonathan, I'm always reluctant to predict what may happen in the future, but I would tell you that some of the trends that are helping to drive that growth clearly are tailwinds with us. The continued growth in our Oil business, our Oil business in OTC in the fourth quarter was literally six times larger than it was in fourth quarter a year ago. Our Power business was double and so as we've rolled-out new product, as more people want to move to a cleared solution, those trends will help to continue to support our growth.

As I mentioned in my prepared remarks, our Natural Gas business had its best quarter since third quarter of 2008. Again, we've seen the prices move up in Natural Gas over the past quarter or so and the volatility around larger prices tends to drive larger volumes. So I think some of the trends that have supported the growth recently clearly remain in place, to the extent that -- to which those will last is not something that we'd predict.

<Q – Jonathan Casteleyn>: Right. Okay. And then as far as your -- the gradual improvement in CDS markets that are built into your Clearing forecast, what assumption is behind that as far as legislative proceedings, i.e., as the House bill stands now, is passage of that, is that something you view as positive? And then just being that you sit in a fairly important position, do you see something from a legislative standpoint forthcoming and specifically around CDS?

<A – Jeffrey Sprecher>: This is Jeff, Jonathan. I -- a lot of the others exchange heads I've listened to their calls and they seem to know where Congress is moving and where people in the EU are moving much better than we do. We have no idea what's going to come out of any legislative reform. We're active on the Hill and we're involved in the process and we're active in Brussels and involved in that process, but literally have no idea when, or if, or what will happen legislatively.

What we do know though is the obvious, which is the trend is to try to force contracts onto exchanges for transparency, try to force them into clearinghouse for risk management, try to get data sold so that people can seek business in -- more near real time. And so I guess in analogy and maybe in a tribute to Captain Phil from Deadliest Catch, the best thing that we can do is put our boat where we think the fish are going to be and throw the nets out, and that's what we're doing. I think that trend, it's something we've been doing for years now and that trend is going to continue, it may or may not accelerate, but nonetheless I feel very good about where we've positioned our boat.

<A – Scott Hill>: And just one metric, Jonathan, for what it's worth, is we are seeing the banks higher on CDS debt. We did see a January which was the best month of our brokerage business in the past 13 months so the market tends to react in advance of legislation and right now they're building their debts and they're building their trading volume.

<Q – Jonathan Casteleyn>: Great. Thanks for that insight.

Operator: And we'll move on to Rich Repetto with Sandler O'Neill.

<Q – **Richard Repetto**>: Yeah. Hi, guys. Jeff, first I'm chuckling about your comment that you said the CME said all trades done at a competitor were wash trades.

<A – **Jeffrey Sprecher**>: I – they'll probably get angry about that, but I think that's effective what the rule did and I think that you shouldn't read any more into what the CFTC said other than that doesn't seem like a reasonable rule. But in fairness to the CME, and I want to be very fair to them, they are right in that they have a obligation to make sure the markets that they run are real trades that are part of the price discovery process. And they've said that they intend to do that. And that is what I think the law says that they should do, as well as ICE.

<Q – **Richard Repetto**>: Check. Now my question is, that was just a comment. My question is you purchased – you acquired NYBOT in '07, Creditex in '08 and you launched CDS last year. What can investors expect? Is there something in works this year? Or it is a year where you continue just to focus on the rolling out of the new products and scaling some of the things, the initiatives, you've taken on the last couple of years?

<A – **Jeffrey Sprecher**>: I guess without showing the man behind the curtain...

<Q – **Richard Repetto**>: That's what we're trying to find.

<A – **Jeffrey Sprecher**>: Yeah, the great position that we're in as managers right now is that we do have this very strong operating business, and we're smart enough to not trust the control panel to screw that up. So we really enjoy tremendous tailwinds as we're moving forward. Our growth that we're seeing in the first quarter, for example, is above an already increased year as opposed to many of our peers, which are back to their 2006, 2007 volume ranges and growing to basically recover back. We never went down.

So we're in a tremendous position. And that means that I think our shareholders can, hopefully, along with all of us as managers who are shareholders, enjoy continued growth in the business. We sit on this ability to do transactions. And, I suppose, partly why we have outperformed in terms of return on invested capital is that when we make an acquisition it's really against the strategic initiative that's going to drive, in our minds, top line growth, as opposed to mergers that involve cost cutting, which others have done and they've done very, very well. But it's just never really been our competency or our desire.

<A – **Scott Hill**>: And the other thing we've done, Rich, over the past couple of years is we've built the business in a financial model that positioned us very well to move in any number of directions as we get to this year, with presence in Europe and in the U.S., multiple clearinghouses, leverage that let, around the half a times our trailing 12 months EBITDA. And net debt, that's actually plus 250 because of the \$550 million we've got in cash. So as we think about the next strategic step, we built the business model on a financial model that gives us tremendous flexibility to go where we'd like to go.

<Q – **Richard Repetto**>: Okay, and then a quick follow-up. Hopefully it's quick. On the Energy position limits, Jeff, have you had time to digest -- I know you talked about your 51%, I think you said, commercial end users, but is -- trying to learn the impact on both because other people are more focused say on liquidity provided, but anything you've seen after digesting it that would be, that is helpful, harmful to Energy trading?

<A – **Jeffrey Sprecher**>: Yeah, I think a couple things have come out of it so far, first of all, it's, the debate that's been going on and the really thoughtful process that the CFTC has put in place, which has allowed ample time for input and thought on what should be done. It really has shed the light on the fact that there has not been a speculation problem, which is something that we and our

peers have said when we look at our own data. And the focus now has changed more to trying to limit concentration in markets, which is much more of a risk management focus than a price discovery focus. And we agree broadly that it's beneficial for exchanges not to have customers that have highly concentrated positions. It's in our Exchange collective's best interest to have as broad a business as we can with the most customers that we can.

So the proposal that's out there now is relatively detailed. We will be making some comments again in the details of how such regulation would and could be implemented, and I expect that we'll be putting, and filing input this month. So I don't want to, again, foreshadow exactly what those details are, but broadly speaking we feel very good about the process, and broadly speaking we feel good about the shift in the debate away from this speculation debate.

<Q – Richard Repetto>: Okay. Thanks a lot, and congrats on the growth.

Operator: And we'll move on to Daniel Harris with Goldman Sachs.

<Q – Daniel Harris>: Hi. Good morning, guys.

<A – Jeffrey Sprecher>: Good morning.

<Q – Daniel Harris>: Moving back to the Ags business and away from some of the other stuff we've been talking about, it's been obviously one of the more difficult areas to sort of project forward, and I think a lot of that had to do over the last few years with the changing credit dynamics from the banks. As you guys sit there today, how do you view credit availability to traders? And how do you think that impacts people's decisions on what they're doing financially, and what they're underlying?

<A – Jeffrey Sprecher>: You can see, if you drill through our Ag markets, which is something that we do, you can see that our Sugar business, which is the most global business and it's a business that is probably the most levered to emerging market growth, is doing very well. And that suggests, and that is a business where there are a lot of small players, right, these are sugar mills, sugar refiners and cane growers and what have you. It seems like that business is doing well and outside of the West there is access to capital and investment in growth.

If you look then at, let's say cotton, which is, we have delivery in the United States in our cotton product so it's much more levered to the U.S. economy, you'll see that there is a tremendous amount of stress in the cotton markets in getting access to credit, in recovering from past investment decisions that people in the cotton market have made. You've seen a shift away from acreage planted in cotton which may be driven by the access to capital as much as mix. And so across our Ag markets it's a mix and at the bottom line is I think the more levered you are to the U.S. credit markets probably the less well you're doing.

<A – Scott Hill>: And just to put some numbers on it. ROI, as we said in the presentation, in Ags is up 15% from where it was at the end of '08. At the end of January it was up again and sugar is a terrific grower for us, but our other Ag contracts grew 13% in January and have continued to perform well into February. So the OI growth, the volume growth that we're seeing across the Ag products would certainly suggest that those markets are recovering.

<Q – Daniel Harris>: Okay. Thanks. And then just on the Russell, and obviously there could be some macro issues that affect equity trading in general. But you guys have talked in the past about the growth in value indices that you may roll out at some point. Any update on those? And whether that's going to be a 2010 event? And if so, whether you've been getting a lot of demand from the end-users for that?

<A – Jeffrey Sprecher>: Yes. I don't want to say exactly when we're going to roll them out. It is something that we view as an opportunity for us and we continue to evaluate it. Obviously there is a lot of stress in equity trading and as Scott said in his prepared remarks, we hold our staff accountable for trying to grow our market share against the S&P 500. That's our benchmark, because they're not going to necessarily be able to grow absolute volumes if we get in a bear stock market. And the growth-in-value, as you know, are really contracts you'd use at the core for hedging fund managers that are running growth and value funds. We are really waiting until we see money flowing into growth funds as an investment vehicle. Right now, you all know the markets much better than we do. It's kind of a stock-picker's market and trend-following market and a bit bearish to begin with, at least at the moment. So it doesn't feel to us like we're poised to have a lot of growth and value investment right now.

<Q – Daniel Harris>: Okay, guys. Thanks very much.

Operator: And our final question will come from Rob Rutschow with CLSA.

<Q – Rob Rutschow>: Hey. Good morning.

<A – Jeffrey Sprecher>: Good morning.

<Q – Rob Rutschow>: Just another follow-up on the CDS clearing. Are there any additional big firms that are out there that you haven't signed up yet that might move the needle on the net income capture? Or any other items that we should think about that might move that 16 to 20% around?

<A – Scott Hill>: Yeah, I mean embedded in the 60 to 80 is an assumption that we'll continue to sign up new banks that aren't currently members. We've got 13 in the U.S. and 13 in Europe. There clearly are more than that, that are significant players in the market. So there's some of that growth embedded in it. Yes, there are a couple of large banks that are out there that do material business that aren't yet members and with whom we're in very active dialog.

<A – Jeffrey Sprecher>: We use that concept of banks as members simply because we have a very, very high threshold for membership right now, \$5 billion net worth. So we suspect that our model will be clearing high net-worth clearing firms in the center of the market providing access to the smaller customers, smaller banks and smaller buy-side firms as our version of futures commission merchants, which we call DCMs in this model.

<Q – Rob Rutschow>: Okay. My second question might be a little premature, but what would be the impact to you guys and also what would be the opportunities if we actually saw dissolution of the euro or a significant contraction there?

<A – Jeffrey Sprecher>: Boy that's a tough one.

<A – Scott Hill>: Yes, Rob, that's almost an impossible question to answer. If an entire currency goes down, what would the impact be to the Company? Obviously we have euro holdings in our clearinghouse. We think about those contingency plans and we look at concentration levels. We're -- I don't even know how you begin to answer that question.

<A – Jeffrey Sprecher>: I guess, just from a place that's obvious is that we largely receive revenue in dollar denomination because oil products just happen to be denominated in dollars, and so we collect commissions in dollars, and of course we pay our staff outside the U.S. in Europe and our costs are euro denominated. So I guess to the extent that dollars stay strong and euro gets cheap we probably benefit on a net basis, assuming that the rest of the world hangs together.

<Q – Rob Rutschow>: Okay. Thanks. I thought it was worth a shot.

<A – Jeffrey Sprecher>: Yeah. Thank you.

Jeffrey C. Sprecher, Chairman and Chief Executive Officer

So was that our last call – our last question? Great. Well, thank you, everybody. We appreciate you joining us this morning. We appreciate all the support that you gave us in 2009, and my colleagues and I will be back together with you next quarter.

Operator: And that will conclude today's call. We thank you for your participation.

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