MANAGEMENT DISCUSSION SECTION

Operator: Please stand by. Good day and welcome to the ICE, IntercontinentalExchange Fourth Quarter Earnings Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Ms. Kelly Loeffler. Please go ahead.

Kelly Loeffler, Vice President, Investor Relations and Corporate Communication

Good morning. ICE's fourth-quarter and year-end 2010 earnings release and presentation can be found in the Investor section of our Web site at theice.com. These items will be archived and our call will be available for replay.

Today's call may contain forward-looking statements. These statements, which we undertake no obligation to update, represent our current judgments and are subject to risks, assumptions, and uncertainties. For a description of the risks that could cause our results to differ materially from those described in the forward-looking statements, please refer to the company's Form 10-K, which was filed with the SEC this morning.

Please note that the numbers discussed today refer to our adjusted operating results, which we believe are more reflective of the performance of our business. You'll find the non-GAAP reconciliation in the earnings release and presentation, as well as an explanation of why we deem this information to be meaningful and how management uses these measures.

With us today are Jeff Sprecher, Chairman and CEO; Scott Hill, Chief Financial Officer; and Chuck Vice, President and Chief Operating Officer. I'll now turn the call over to Scott.

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

Thank you, Kelly. Good morning, everyone. And thanks for joining us today. We're pleased to have closed out another record year and enter 2011 in a strong strategic position. We have the resources to continue to invest and build to remain a leader in our industry and the global product suite and risk management offering to continue to serve our customers in our rapidly evolving industry. ICE's performance led the industry again in 2010, and the growth in volumes and our financial discipline far outweighed the impact of regulatory and economic uncertainty.

I'll begin this morning on slide four, where I'll recap our 2010 results. ICE's consolidated revenues increased 16% to a record $1.15 billion, surpassing the $1 billion mark just 10 years after our founding. Our top line continues to be driven by rising demand for commodities and risk management.

In 2010, we significantly expanded our products adding eight new futures, four new option contracts and nearly 100 new cleared OTC energy contracts. ICE's future markets rose 25% to over 300 million contracts during 2010 and that's on top of double-digit growth in 2009. Notably, our double-digit revenue growth was achieved with expense growth of only 5% on an adjusted basis, even including the acquisition of Climate Exchange.

This top-line growth, supported by a focused approach to spending and investment, enabled a four point improvement in our adjusted operating margin to 58%. It also delivered record net income of $398 million, up 26% versus 2009. We've noted before that our objective is to deliver double-digit top-line growth with profit growing faster than revenue, and we delivered on that goal in 2010.

Let's move now to slide five and discuss our fourth-quarter results. Consolidated revenues grew 11% over the prior fourth quarter to $285 million. On an adjusted basis, net income attributable to

ICE was $100 million, an increase of 19% over the prior fourth quarter. Adjusted diluted earnings per share in the quarter grew 21% to $1.35. This solid end to another good year reflects a strong contribution across each of our futures businesses and continued growth from our new OTC energy products and our CDS clearing operation. And importantly, as you can see on the final bullet on this slide, we're off to a strong start in 2011.

Turning to slide six, you can see the components of our revenue and expenses for the fourth quarter. Transaction and clearing revenue increased 10% to $251 million. Our OTC segment contributed $125 million and our futures segment contributed $127 million. Our market data business had another record quarter, up 10% to $28 million.

Moving to the expense side, fourth-quarter adjusted operating expenses was $125 million, up 2% versus 4Q '09, supporting an 11% increase in revenue, and driven by improvement in compensation and professional services spending. SG&A expenses in the fourth quarter included a provision related to prior-period sales tax issues. This resulted in SG&A expense being around $3 million higher than a more normalized run rate of $24 million to $25 million. Even so, adjusted operating margin improved to 56% compared to 52% in the fourth quarter of 2009. Non-brokerage operating margins in the fourth quarter were 63%.

Let's move now to slide seven, where I'll walk through the performance about our futures business segment where volume was up 25% in 2010. Volumes for ICE Futures Europe grew 23% in the fourth quarter and 31% for the full year led by another strong year in our benchmark Brent crude and Gas Oil futures contract. Brent and Gas Oil volume was 26% and 42%, respectively, during the fourth quarter. In addition, ICE WTI volumes continue to rise and we set an annual volume record in WTI during 2010.

In our European emissions futures markets where we completed acquisition of the Climate Exchange in July, volumes increased 14% in the quarter and 20% for the year. We're pleased with the leadership position in the European environmental market, and we continue to expect Phase III of the European emissions trading scheme to be a catalyst for growth.

Of note, we fully integrated Climate Exchange and achieved our projected 70% reduction of run rate expenses. Thus, continued volume growth from our European emissions business will come in at attractive incremental margin and we're on track for the acquisition to be accretive this year. Rate per contract at ICE Futures Europe in 2010 was $1.53, down slightly from 2009, even while we grew volume 31%. Open interest at the end of the year was up 26% compared to the prior year.

Volume across our North American futures exchanges rose 16% both in the fourth quarter and for all of 2010 on record volume where for the first time in its history, the former NYBOT broke the 100 million contract mark. We saw an improving global economy including continued strong growth driven by the BRIC economies, by volume in soft commodities. In 2010, our largest traded agriculture product, sugar, saw an increase of 9% in volumes over 2009, and cotton volumes were up 64% over the prior year. And you can see on the slide, we saw even stronger growth in the fourth quarter for our ag products.

As we reported last week, activity in our consolidated futures markets in January continued at a very healthy pace with average daily volume up 30% over the prior January. Rate for contract in January was largely consistent, meaning the volume growth is driving equally strong revenue growth.

Moving to slide eight, I'll review our OTC business. Average daily commissions in energy in 2010 were $1.4 million, an increase of 14% from 2009. For the year revenue in our North American natural gas markets grew 19%. Our global oil revenues were up 72% and now account for nearly 10% of the OTC energy revenues, up from just 2% two years ago.

As noted earlier, we launched nearly 100 new cleared OTC energy contracts during the year.

For the fourth quarter, average daily commissions were $1.3 million. Open interest of 39 million OTC contracts at the end of 2010 was up 40% over the prior year. And 96% of ICE's OTC energy contracts were cleared in the fourth quarter.

End of January, we've seen the typical strength coming into the new year as firms established trading position, coupled with volatility created by major snow storms and unanticipated high inventory draws. Year-to-date, average daily commissions are above $1.6 million and customer counts in our OTC markets continue to rise.

Moving to the credit derivatives business, revenues in the fourth quarter were $38 million versus $39 million in the prior fourth quarter. Clearing contributed $15 million, up from $10 million in the prior period. And Creditex revenues were $22 million. 53% of our Creditex business in the quarter was electronic versus only 39% a year ago.

ICE has cleared over $15 trillion in notional value of CDS and our dedicated guarantee funds stand at $5 billion, which remain the largest guarantee fund globally. We expect growth in CDS clearing revenues at 15% to 20% in 2011, with flat to declining expenses which will drop more profit to the bottom line. Our CDS clearing model includes what we believe to be the most stringent risk standards of any competing model. It delivers capital efficiencies while supporting customer workflow.

ICE Trust will have derivatives clearing organization status under the CFTC and clearing agency status under the SEC upon the effective date of Dodd-Frank in July 2011. We've been working with our customers on this transition for some time and are developing operational enhancements and new product additions. In just two years, amid intense competition and change, ICE has established an OTC clearing infrastructure that is contributing to our bottom line. While the CDS market has seen a reduction in volume, we believe that clearing is helping the market restructure, just as it did with energy a decade ago.

I'll conclude my remarks on slide nine by discussing some important measures of our ability to generate value for shareholders. ICE continues to post solid, profitable growth. Our returns are consistently the best in our industry and they compare favorably to another growth companies in the S&P 500, regardless of industry. We consistently evaluate the best use of our strong cash flows and balance sheet. The shifting market landscape and our business model and capabilities provide an excellent opportunity for a company like ICE to invest and expand. We will continue to do so in a disciplined manner in order to create value for our shareholders.

Because we've already begun to invest to prepare for market evolution under way, we believe that we can deliver double-digit top-line growth in 2011 alongside expense growth in the range of 4% to 6%. Thus, we believe we can again generate margin expansion and profit that grows faster than revenue.

Please refer to the ICE -- earnings release -- or the appendix of our presentation for full details on our 2011 guidance. And please note we filed our 10-K this morning. I'll be happy to address any questions during our Q&A.

Jeff, over to you.

Jeffrey C. Sprecher, Chairman and Chief Executive Officer

Thank you, Scott. And good morning to everybody on the call. On slide 10, you can see that 2010 was another important year for ICE. We operate exchanges and clearing houses that provide a means for our customers to manage risk, amid economic turbulence. And we've demonstrated that markets we operate are relied upon even more when dynamic conditions arise.

2010 was ICE's 10th year as a company. It was a year of key milestones, including record revenues, record volumes and record profits. This consistent performance continues to set ICE apart. Our growth in the most two recent years was achieved amid the most difficult economic landscape in our lifetime. Many of our customers came under financial pressure and significant regulatory changes occurred. Yet, we position the company at the intersection of longer-term secular trends that have allowed us to thrive and find opportunity. As a result, our revenues have doubled since 2007 and our volume and open interest are at all time highs.

Over our 10-year history, we have taken our market share in the global crude and refined oil futures market from 25% to 50% and we believe that these markets continue to hold potential for us. On slide 11, you can see our strong position is driven by our globally relevant product suite. ICE's Brent crude and Gasoil contracts recorded their 13th consecutive annual record volume years in 2010. This is due to the rising importance of these contracts across Europe, Asia and throughout the rest of the world. The emergence of China as a number-one energy consumer in 2010 has and continuous to be an important factor, along with other emerging countries and the recovery of Western economies. Today Brent is used for pricing as much as 70% of physical oil globally.

In our Gasoil futures market, volumes have more than doubled in five years, and today it's the benchmark contract for refined oil and middle distillates such as the diesel market. As the European and Asian markets expand diesel usage, hedging activity has increased market participation. ICE's WTI crude contract also turned in a record volume year in 2010 and it remains an important benchmark contract for us.

And consistent with past years, we saw growth in our oil complex during both contango and backwardation conditions. So our oil complex really exemplifies the type of business that ICE seeks to be involved in. We focus on products that have a large addressable market, where commercial participation is high, and where we can bring together complementary products. This creates liquidity and it leverages the distribution of our exchange.

This same trend for increased hedging and risk management are playing out in our soft commodity markets, such as sugar, cotton, coffee, and cocoa. In the past year we've seen increased activity based on supply and demand volatility. And because these products are global and despite the economic downturn, trading volumes have more than doubled since our acquisition of the New York Board of Trade in 2007.

Turning to slide 12. ICE's diversification is an important driver of our opportunity set and it enables our consistent performance and resiliency throughout economic cycles. We have a unique reach across geographies, customer and products. In 2010, 47% of our revenues came from outside of the U.S. The broad distribution of our electronic markets for commodities has opened up new markets for us. We tap new geographies and develop new products by leveraging our core commodity business.

The addition of the emissions markets further diversifies our product set and brings to us an important industrial and commercial base in Europe, which is particularly important as we launched two new natural gas futures contracts there last year. In 2010, 52% of our OTC energy revenues came from commercial users. And we are seeing strong and rising participation by these customers in our markets, and this is a result of the industrial relevance of our products.

Let's move to slide 13 and the topic of financial reform. Now that Dodd-Frank was passed into law in the United States, we're preparing to comply with all the rules as they become final. The legislation acknowledges the central role of clearing and the exchange model in strengthening the financial system. And this plays to our strengths as a company. My colleagues here at ICE are already working with customers to deliver tools to meet the anticipated provision ahead of implementation deadlines. And as we discussed during the call last quarter, we've invested millions of dollars in technology, systems and compliance staff over the past several years, well in advance of the new Dodd-Frank requirements. We have a solid head start and our current expense run rate largely reflects the cost of increased regulation, including position limits, reporting, and market surveillance.

ICE has instituted a position limit regime in our key U.S. futures and OTC contracts, pursuant to earlier regulatory actions. With this position limits in place, ICE established record OTC commissions, as well as record WTI futures volumes. We believe that position limits when prudently set, lead to increased confidence in markets and do not materially limit trading volume.

With regard to the new swap execution facilities, or SEFs, just as there are many executions venues in the OTC markets as we know them today, there likely be many competitors in the SEF landscape. SEF requirements include meeting defined core principles to ensure market integrity and compliance. Meeting these requirements will level the playing field since many other OTC trading venues have not previously been held to the same regulatory standards as ICE. Where appropriate, we're commenting on proposed rules via the public comment process, so we'd encourage you to review our comment letters for more information if you're interested in our views.

In closing, let me answer a question that we're asked every single year: can ICE continued to grow? We've shown that answer to be a consistent yes, and we take a deliberate approach to our strategy to ensure that we can continue to deliver growth. We've consistently demonstrated the potential that the increasing trend of managing price risk holds. And we believe regulatory change will broaden the opportunity set before our global franchise.

As entrepreneurs, we seek out new opportunities that exist within change, and I believe this is the defining capability of this company. And for our shareholders, which include the vast majority of the ICE employees, we're committed to driving consistent, best in class results over the long term. The drivers that are having a positive effect on our business are the ongoing shift towards clearing and transparency, the increasing demand for risk management, the global reach of our products, and our own drive to lead and innovate.

To demonstrate that our confidence in the business is based in reality, one fundamental that I'll highlight and leave you with today is the positive upward trends in our open interest in our markets, given that strong open interest trends to support trading volumes in the future.

The accomplishments we spoke about today are a tribute to hard work borne by my colleagues at ICE, and I'd like to thank our customers for their increased business in 2010. And thank you for giving us the opportunity to serve you.

One of the effects of the growth that we've seen has been an increased demand for questions that we're taking on this call and we want to take as many questions as possible before the market opens. So we've tried to be very concise in our prepared remarks today. So that as we move into the Q&A session, I'd like to ask everyone to limit themselves to one question and then get back in the queue. And I promise that we're going to try to be concise in our answers. So operator, I'll turn it back over to you and please moderate our Q&A session.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] We'll go first to Rich Repetto with Sandler O'Neill.

<Q – Richard H. Repetto>: Hey, good morning, Jeff. And congrats on a great quarter.

<A – Jeffrey C. Sprecher>: Thank you.

<Q – Richard H. Repetto>: I guess the first question. You had an incremental margin of 91% in 2010, so I'm just – you guided to revenues in double-digit and then the expense up 4% to 6%. But I guess the question is, where you are investing that the CapEx doubled, or that looks like the guidance doubles. So where do you see the growth, and where are you investing for 2011?

<A – Scott A. Hill>: Rich, I think, before Jeff goes into the details, I just want to make one clarification, right? So the guidance on CapEx is CapEx and capitalized software. So in prior years, we've given you only one piece of that puzzle. We've given you both this year. So that $50 million to $55 million, compares to roughly $48 million that we spent in 2010 in CapEx and capitalized software combined. So the increase is only about 10%.

And then the other clarification I will give you is the 4% to 6% expense growth in 2011 is on an adjusted base. On an absolute base, that expense growth's only going to be 3%. So we are continuing to invest in the business, but there aren't any material increases year-over-year, because a lot of the investment, as Jeff mentioned in his prepared remarks, is already underway to build for the future.

<A – Jeffrey C. Sprecher>: Richard, the investment is across all phases of our technology footprint. It's speeding up the futures platform and OTC platform as there continues to be a move towards faster and faster trading. Investing in options capability, which is starting to pay dividends, as you've seen. Investing in our OTC platform for trading to make it more responsive and a lot more functionality, particularly as we move into an anticipated SEF world. And then a very big spend and investment in clearing services and post-trade processing as we bring together all these various asset classes and try to provide better tools for our internal people to manage risk, regulators to see what the markets looks like and for our customers to really get a handle on their positions.

<Q – Richard H. Repetto>: Yeah. That's helps on the CapEx clarification very much. And my one follow up would be, Jeff, you mentioned broad OTC or Dodd-Frank, OTC would broaden your global opportunity set. And I guess the question is, can you be more specific? You don't have any clearing in Asia. There is another exchange consolidation announced this morning, with one sort of underway. So where is the -- how do you see your global footprint, given these – you said, the broadening global opportunities set?

<A – Jeffrey C. Sprecher>: Yeah, just starting in energy which is the largest part of our business as you know, the flagship product for energy is crude oil, and crude oil's increasingly becoming global. And we mentioned in our prepared remarks that we've been moving very deeply into the OTC oil swaps and derivatives market, which is really a global move. It's certainly a non-U.S. move. We're following that, obviously, with credit default swaps in the credit space. There is a lot of discussion and work going on on other OTC asset classes, and Europe and Japan, at least, have agreed to follow similar type of Dodd-Frank regulation. So all of that is pulling us very, very global.

<Q – Richard H. Repetto>: Okay. Thank you very much.

<A – Jeffrey C. Sprecher>: Thank you.

Operator: We'll go next to Ken Worthington with JPMorgan.

<Q – Kenneth B. Worthington>: Hi, good morning. In your CDS clearing guidance, 15% to 20% seems like healthy, robust guidance. What gives you confidence in that guidance, I guess, what are the components of it? And then what does that say for Creditex in terms of the potential in that CDS business?

<A – Scott A. Hill>: Yeah. Ken, let me take a shot at that. So the 15% to 20% is largely based upon a couple of things. One, you'll recall we entered last year with only nine clearing members. We're entering this year with 14, so we've seen some growth in the clearing members. We expect we will continue to see increased volumes from the increased clearing members.

The second thing is, we expect this year that we will launch some new products and some single names, in particularly sovereigns. We're hoping to launch sovereigns in the very near term, which we think will drive incremental revenue.

So those are the two biggest driving factors. That is implicit in the guidance a little bit of upside coming from buy side client. But to be frank with you, that's more likely a back half of the year driver more than it is a front half of the year driver. So those are kind of the underpinnings.

As it relates to Creditex and the CDS market more broadly, that market remains soft. And the clearing guidance really doesn't depend on any, nor does it expect or anticipate any major pickup in that market, certainly in the first half of 2011. Because as you've heard from a number of the big banks who trade in the market, and certainly as we are seeing through our brokers, that market is really waiting to see where the rules settle before they get back into it.

And in fact, right now, the bid-offer spread that tightened pretty significantly in this space, which is a good sign, because it means there's some confidence in the economy. But where the CDS product really comes into play is when the spreads are widening and the risk is growing. And so I don't think the fundamentals in the marketplace right now really suggest any significant recovery, certainly again in the first half of the year. We are hopeful that as we get into the back half, we'll see some volume recovery. And again, that's implicit to some small extent in the guidance.

<Q – Kenneth B. Worthington>: Great. I just have a brief follow-up. Your 1.6 million OTC. Can you just kind of tell us where the growth is coming? Is it gas, power, oil, all the above?

<A – Jeffrey C. Sprecher>: It's all the above. We had in the -- January you've got people coming back to work. Seemed like the way the holidays fell in December, people stopped trading sort of the back half of December. So you had people coming back to work, managing their risk, and putting on positions. Coupled with the fact that there were some gas draws that were larger in the U.S. than what people thought because of all the snow that we had and cold weather around. And the expanding footprint that we have in oil, coal, and other new products that we've launched that are being driven by more global factors.

<Q – Kenneth B. Worthington>: Awesome; thank you very much.

Operator: We'll go now to Alex Kramm with UBS.

<Q – Alex Kramm>: Hey. good morning. Just --

<A – Jeffrey C. Sprecher>: Good morning.

<A – Scott A. Hill>: Good morning.

<Q – Alex Kramm>: Staying on the OTC energy for a second here, obviously very strong. Can you first maybe talk about -- I mean I know it's early in February, but I think you gave year-to-date number and usually you just give one month. And by our numbers it looks like February has significantly increased. So can you maybe just talk a little bit about January versus February so far?

But then more importantly, you introduced a lot of new products over the last couple years or so. And I think in the past you said it is just really having a lot of different little products that in aggregate makes a difference. But is there anything in particular you're excited about if you look at the next couple of years? When we talk to energy desk people mention things like German power, which you seem to be interested in and things like that. So maybe a couple of highlights. Thank you.

<A – Scott A. Hill>: Let me touch on what we're seeing on -- we gave you year-to-date number because frankly, we got, well, I guess, seven days of February under – or six days of February in under our belt. And so we thought it was better to give you that comprehensive view. I would hesitate to draw any conclusions off of six days of a month, particularly when we had a snow storm that shut down Houston, which is a fairly large trading area, for a week.

So, I think the indicator is what we seen through the first five weeks and as I indicated in our remarks, it's been over 1.6 million a day. And as Jeff said, it's a fairly broad-based strength as people have come back to the office and started trading, but even more importantly, a continued of the trend and a rebound in our natural gas market and the continued strong growth in our global oil markets.

<A – Jeffrey C. Sprecher>: And in terms of product expansion, you are right, Europe's an interesting footprint right now for us. You got some -- I mentioned we launched two new natural gas futures. The natural gas business was somewhat balkanized in terms of the way it traded. Seems to be coming together now because of some new pipeline infrastructure that's been put in that allows the UK and continental Europe to basically relate to one another from a pricing standpoint.

Similar things are happening in power where there is an opening up of power markets and changes in the M&A landscape there in terms of who owns power companies. And so you are starting to see Europe trade as more of a single entity. You couple that with the fact that we've been adding more and more clearing. That allows new entrants to come in that are sort of non-standard players over there that don't have to sign ISDA bilateral agreements, for example, and could get access to these markets. So there is a trend along the way that you mentioned, which is an increased footprint.

I think there is clearly a trend toward more option trading. That's a long-term trend that's been playing out over a decade, but continues to grow. And we've added some things, some -- obviously emissions was up 20% last year. We have new coal contracts that are out of Australia that are very related to the use in China. And so that whole footprint, being cleared in one clearinghouse with economic offsets, really is a driver for the major integrated energy companies to stay and do business with us.

<Q – Alex Kramm>: Okay; great. And then just quickly on the OTC side. I think you mentioned, Jeff, the work being done on the SEF side and the focus on that. When we talk to the dealers, it sounds like some dealers really want to have a lot of control on the trading side, on the SEF side. But others are more likely to say like, if it moves to exchange, that's fine with us. So what do you think you're coming out and maybe are there opportunities to partner with the dealers? Any sort of discussions you can tell us about and anything that you see happening there with partnerships?

<A – Jeffrey C. Sprecher>: Let me break your question down into two. We obviously have a very large OTC execution platform. And we have evolved that to the point now that we can provide that platform as what many are calling a SEF-in-a-box, for people that don't want to have to go and deal with the complexities of the new regulation. We can provide them either access to our platform or our platform on a white label basis.

That's been an evolution that's been going on in our markets now for quite some time. We've evolved our pricing structure. We've opened up our distribution. We announced -- ICAP announced last year that they had white labeled our platform. That functionality exists now for other brokers. And we changed the pricing so that we've encouraged business to come in, and I've mentioned before, we have over 100 companies in the OTC space that are now giving us products for our clearinghouse. And we've evolved our pricing so that we are benefiting, and you saw that in the $1.4 million a day number last year. So this has been -- we've been evolving towards a SEF-in-a-box strategy, and we intend to provide that.

Separately, we're having, obviously, a lot of conversations with major OTC participants, both brokers, we announced that there is a number of new brokers that have come in to our system just in the last few weeks, and with the principals and both in energy and commodities and other asset classes. And I think right now there are still some vagary in the Dodd-Frank regulations that need to get sorted. People really, I think, want to have to look at the final rules including things like the ownership and control rules, as well as the market structure rules on how requests for quotes are going to interplay with two-way bid-offer central limit order book markets. And I suspect within the next 60 days or so there'll be a coalescing of views around how the market structure may move forward. And obviously, we are active in all kinds of conversations to maximize our opportunity set. I am excited about the change that is going on. I think it plays right to our hand.

Operator: And we'll now move onto Roger Freeman with Barclays Capitals.

<Q – Roger Freeman>: Hi. Good morning.

<A – Jeffrey C. Sprecher>: Good morning.

<Q – Roger Freeman>: Just back on the CDS clearing revenue guidance, just to sort of run this through. The last couple quarters have been flattish. I think 4Q seasonally down a bit, and you kind of mentioned more members on the clearinghouse driving – in the clearinghouse driving it, and then also sovereign. But, it sounds like, though, it's really got to be sovereign, right? because the clearing members didn't really drive much in the back of last year, right?

And then I guess, with respect to Dodd-Frank implementation, it is going to drive the client side clearing? It sounds like you are pretty much baking in very little of that, i.e., it doesn't get implemented until maybe much later in the year? Is that fair?

<A – Scott A. Hill>: Yes. Look, we had a very good third quarter and some of that was certainly from the new members. The fourth quarter, as you mentioned, was seasonally slow. So I'm not sure I'd look at that third and fourth quarter as being flat and draw any conclusions. There is no question that the introduction of new products, and particularly sovereigns, is something that we think will contribute meaningfully to the guidance that we've given.

But then, I think your characterization of our expectations around the buy side is right. We've cleared $5 billion of buy side already, but we expect that we are going to need the rules to settle a little bit and get some more clarity into the market before we see a big uptick. And based on what we're seeing and hearing, our expectation is that's likely back-half of the year.

And I'd tell you, the one thing I kind of step back and look at -- there was no such thing as CDS clearing two years ago. We've cleared $15 trillion. So, we did $60 million of revenue. We're guiding to the 70s and last year alone, that business doesn't exist that two years ago dropped $15 million of EBITDA into our financials, which is not a bad place to be for a business that is still in its start-up phase.

<A – Jeffrey C. Sprecher>: Just the way Dodd Frank is laid out to work, is that it goes into effect in July of this year. It has a presumption that clearinghouses will then apply for products that they think are clearable. The CFTC would then hold a open comment period and possibly public hearings to determine if products are clearable. Once they're deemed to be clearable, then there would be a mandated requirement for people to clear them and a requirements that they be SEF-traded. There is most likely a runway between when they are determined to be clearable and when the CFTC would require SEF trading.

But if you kind of lay that all out, it would say in the best case that the CFTC started that process on the day Dodd-Frank was implemented, there would really be -- it will be hard for there to be any real requirement for clearing to come into effect until the very end of 2011. And certainly there are a lot of people that are suggesting that that timeframe should be extended because of the workflow changes that are going to need to be made. So I think all of that overlay is kind of built into our thinking on how the OTC markets are going to broadly work in the United States.

<Q – Roger Freeman>: Okay. That's a really helpful outlook. And then with respect to sort of new products, [inaudible] The CFTC seems to be looking more closely at keeping swaps and futures segregated. If that ends up being the outcome, does interest rate swap clearing become a more interesting product for you, given that the competitive dynamic would be different?

<A – Jeffrey C. Sprecher>: Yeah. I mean, I think we've tried to suggest all along that it will be difficult for incumbent futures exchanges, including our own, to provide offsets with the OTC market, because the way the whole thing has been constructed is that the futures would have to be moved into the OTC account to get that offset. That's the technical construction. And that means that if your futures exchange, you've now moved your open interest into an account that has open access and theoretically have changed the business model around the futures business.

Though it's not going to be easy for exchanges themselves to make the decision to put their futures in the OTC environment to give that offset. And as a result of that, I think every single asset class is probably up for grabs on where it will land. And also, there seems to be a very strong view in the market that open interest should be in some way cordoned off with its own risk waterfall for various asset classes to provide a lot of protection against the kind of meltdown that we've seen over the last few years. So that again suggests discrete buckets of both open interest and margin capital, leaving a pretty wide-open playing field for people to provide clearing services and ultimately executions services that go along with those.

<Q – Roger Freeman>: Okay; all right. Thanks a lot.

Operator: We'll go now to Michael Carrier with Deutsche Bank.

<Q – Michael Carrier>: Thanks. Hey Jeff, just one follow-up on that last question. When you look at the structure the OTC market, and it does seem like it's going to evolve and you could have multiple clearinghouses and then the trading is going to be fairly competitive. But I guess just on that comment, in terms of not combining the margin in order to get the offsets, what's the argument, that, I guess, the futures model is different? Meaning, if the OTC market is going down that process, what keeps the futures model the way it's always operated?

<A – Jeffrey C. Sprecher>: Well, a couple of things. In the United States, Congress has specifically said they want to keep it separated. And obviously this movement into the way Dodd-Frank is going to deal the OTC model is a experiment. It hasn't proved out as to exactly how it's going to work or evolve.

I think, that you are hearing the CFTC say that they want very high standards in terms of core principles around SEFs, so that it may limit the number that ultimately really exist in the longer term because I don't think these are going to be necessarily easy to establish and maintain.

And then similarly, you have a complete review going on in Europe about MiFID and the fragmentation that the cash equities market has seen, and I think out of that a recognition of how the futures market has performed well over the last few years. You've got the U.S. and Europe and Japan all working together in a pretty coordinated way to make sure that they have a common regulatory footprint. So I think that the demonstrable success of the futures markets over the last few years in the face of pretty adverse conditions is going to make regulators move quite cautiously in that space.

<Q – Michael Carrier>: Okay; that's helpful. And then just as a follow-up, the current volumes have been strong across pretty much all products, even on the OTC side. And it seems like when you look in the past, typically when prices start to move higher, sometimes you get a pullback but you're not seeing that. So just wondering -- is there anything different, and granted it is only a month and a half or so where you are seeing this, but it just seems like the strength is very broad-based and you're not seeing any of that pullback. So just any color in terms of how much of this is been driven by new users versus just enough volatility in the different products and the markets where you still have a good level of activity despite higher prices.

<A – Jeffrey C. Sprecher>: Yeah, the phenomena you mentioned really happens when we are at an extreme price top and an extreme price bottom. But volatility as -- and as you know prices in commodities just like stocks don't tend to move in straight lines. So they move up and down as they are playing out a trend. And so I think that the continued strength suggests that we're not at an extreme price top or bottom.

And beyond that, ICE has really -- we have a lot of really good colleagues here that have been marketing our product suite globally. And we do it every day with a big group of people that have been working with customers to show how to hedge their footprints. We just had another, a major airline approach us in the last week asking for more help in hedging. These are the kind of meetings that we take regularly and we work with people to show how they can use our markets.

You couple that with an increased investment in commodities as an asset class. It's been playing out over, probably, the entire life of this company. And it continues to show growth. And as I ended my prepared remarks, our open interest suggests that there is going to be continued trading expansion on ICE because we really have – are growing the positions that people are holding and using to hedge.

<Q – Michael Carrier>: Okay. Make sense. Thanks a lot.

<A – Jeffrey C. Sprecher>: Thank you.

Operator: We'll go now to Matthew Heinz with Stifel, Nicolaus.

<Q – Matthew Heinz>: Hi, good morning. Thanks for taking my question.

<A – Jeffrey C. Sprecher>: Good morning, Matt.

<A – Scott A. Hill>: Good morning.

<Q – Matthew Heinz>: If I could just kind of look back at 2011 and the guidance you gave for CDS. You cast a pretty wide net there at $60 million to $80 million. I'm just wondering if you could kind of look back and tell us where things really came in versus those expectations and what happened. What would have had to happen for you to get to $80 million and then kind of move that forward into the context of 2011?

<A – Scott A. Hill>: Yeah, I think the biggest difference between what we had expected entering 2010 and what we ended up seeing was the buy side participation in the clearinghouse. I had an expectation that similar to what we saw with the sell side, where they came into clearing even in advance of the mandate, because they recognize the benefit of the clearing, that the buy side would follow. Frankly, as we worked our way through regulatory approvals for the buy side solution, and I think as we move further and further away from the events of September of 2008, I think the buy side simply decided, look, we're going to wait and see what the rules are and we're going to wait and see what the cost of clearing is going to be and we're going to -- there are a lot of moving parts.

So I think the thing we missed in that guidance, the thing that would have taken us to the higher end, would have been a buy side uptake. Setting that aside, the $15 trillion cleared, and $5 billion cleared on the buy side, and 257 products that we clear, and $60 million of revenue, we feel pretty good about what we did. But that, frankly, was the one assumption that we were a bit overly optimistic on.

<A – Jeffrey C. Sprecher>: Scott, that business report is up to Scott. And let me just say that we've seen a lot of our competitors try to move into the OTC clearing business and they've had customers put in some test trades or shadow trades or something of that ilk. We really are getting buy side volume coming in as people are actually putting positions in, not for test, but for permanent deposit in that clearinghouse. They happen to do it on a voluntary basis. It tends to be people that either are early movers that want to get ahead of what they think is going to be mandated, or they have credit problems or issues where they want greater certainty of counterparty and they are moving into the clearinghouse. But that group in there is small and is -- we continue to see it increase, but it's trickle, trickle, trickle, and by a large token, as Scott mentioned, the vast majority of people need more certainty under Dodd-Frank.

<Q – Matthew Haynes>: That's very helpful. Thank you. And then just quickly, you've seen a very nice sequential uptick in open interest in volume on the future side here in 2011. I'm wondering if you could just kind of give us a little bit of color as to whether that is new customers coming in, or whether that is more existing customers adding positions and higher turnover.

<A – Jeffrey C. Sprecher>: It's both. And we have the luxury of the Brent is used to price about 70% of the world's crude oil and crude including the crude oils that are used in many emerging economies. And those emerging economies, to a large degree, have had price controls on energy. And increasingly these governments are letting more price signals trickle through the economies, in order to prepare those economies for being globally competitive.

And so we -- I think I mentioned on the last call, Scott and I have been working with Chinese oil companies that are establishing their own trading desks in London, for example, to start doing increasing hedging. And that's part of it. And then, of course, you've got the major integrated companies that are operating globally that are seeing a lot of volatility because of the different recovery of economies around the world that are increasingly doing hedging on us as well.

<Q – Matthew Haynes>: Great; thank you very much.

Operator: We'll go now to Niamh Alexander with KBW.

<Q – Niamh Alexander>: Hi; good morning. Thanks for taking my questions. Can I talk about the balance sheet because you've been not only your cash earnings have been out-stripping your GAAP earnings for a while, and now you've got a pretty strong cash position on the balance sheet. Before this you've always kind of referred to growth with growth of acquisitions, but you are growing aggressively already with these businesses that you have. So help me think about the priorities for uses of cash, and how much is truly excess cash? And I guess within that, if there is acquisitions, how does your thinking changed in terms of what's the best use there?

<A – Scott A. Hill>: So let me kind of break that down into pieces. So in terms of what excess cash is, we ended the year with over $600 million. I'll tell you conservatively, I'd like to see that number be $250 million to $300 million, as kind of a steady balance. And so amounts above that would be available for uses. As I said in my prepared remarks, we consistently look at what is the best use of our capital. That may be M&A. That may be, and Jeff walked through a number of places we are investing in the business in terms of CapEx and building out software in a number of our businesses. One of the things that I think gets lost on people is if you look over the last two years, we've actually had a payout yield of about 2% with the stock repurchases that we've done. So when it's been a strategically appropriate time and an advantageous time, we have returned capital to our shareholders.

Frankly, though, and I'll refer back to my remarks and Jeff's as well, we remain a growth company. And we don't look across our industry and compare ourselves just within our industry. We look across the S&P 500, and we look at growth companies. And frankly we think our profile fits better with growth companies. Our growth over the past few years has been significantly double-digits, and you tend to see those businesses continuing to invest in future growth. And we're going to do that, as long as we can find opportunities to invest that deliver returns on invested capital in excess of our cost of capital. We did that again in 2010 with our returns of 17% versus a cost of capital of around 10% to 11%.

So we constantly look at it. We keep all our options open. We do have very strong cash flows. We do have very low leverage. But as long as we can find investments that will continue to generate returns well in excess of cost of capital, we're going to continue to be a growth company.

<Q – Niamh Alexander>: Thanks, Scott. And I guess just to follow on from that, if you've already given us the allocation for the CapEx, I'm just wondering, if you are seeing more investment opportunities outside out of the firm now or how has that changed over the last few months?

<A – Scott A. Hill>: I think Jeff mentioned earlier in one of his responses, we see significant opportunity in all of the change that is occurring. And the investment to go and realize that opportunity is going to come in building out our technology; it is going to come in building out our clearinghouse infrastructures; it is going to come in continuing to leveraged acquisitions we made previously like YellowJacket in the options space. And frankly, there are other opportunities out there on the M&A front.

I'll tell you, though, that we are proceeding cautiously on the M&A side, because what we don't want to do is we don't want to acquire to build scale. And we don't want to acquire assets that could be basically, by law, run out of business. And so we are proceeding cautiously as we evaluate the opportunities, but as I look out there, Niamh, I tell you, we see a lot of opportunity in the changes that are going on.

<Q – Niamh Alexander>: Okay. That's helpful. Thanks, Scott.

Operator: We'll go now to Faye Elliott with Bank of America.

<Q – Faye Elliott>: Great. Thank you. Kind of basic question. Can you comment on the change or the bump-up in other revenue in the quarter, and if that -- what the components are and if it is sustainable?

<A – Scott A. Hill>: It literally is four or five, $200,000 to $500,000 things. It is not one thing. I will give you one example is the interest that we pay on our ICE Clear Europe business was a little lower and that is an offset against revenues, so other revenue goes up little bit. So it is nothing meaningful, and that other revenue number is going to move around little bit. It's not in $1.15 billion, it is not a particular material number.

<Q – Faye Elliott>: Okay. And then -- do you think that your expertise and your head start really with regard to Dodd-Frank compliance could spin into an opportunity for consulting or another business opportunity as other firms try to become compliant under what could be a shorter timeframe?

<A – Jeffrey C. Sprecher>: We do. I don't think necessarily it's in a consulting role. I mentioned that, I think, will be able to provide people with SEF-in-a-box at more in a partnership arrangement. We have made huge investment in compliance and particularly in hardware and software that is used to automate a lot of those processes. And I think the CFTC would look at us and suggest that we're the state of the art and we'll be a standard that many will be held to in the future.

I also think that's, similar to what you mentioned, the CFTC itself may not get all the funding that it requires and may have to put more of the onus on the reporting and compliance activities on market participants. And so, again, I think that bodes well for us and others that have made these huge investments in personnel and systems.

<A – Scott A. Hill>: And consulting and technology outsourcing is not a particularly attractive business. Eventually, people figure out they are paying you a mark-up to do something they could do.

<Q – Faye Elliott>: Right. So this ostensibly, even the SEF-in-a-box, wouldn't necessarily have a long-term benefit, but could it at least help.

<A – Jeffrey C. Sprecher>: Let me be clear. We have shied away from providing outsourced services on a consulting basis. We prefer to be more strategic in the way we do it. Or we kind of align our interests and the interests of people we work with in some kind of partnership, or in the case of, for example, ICAP we have a licensing relationship with them for a SEF-in-a-box, but it's very complementary in the way we've tried to move our businesses together. It works for them, and it works for us. And it's not necessarily to try to receive some kind of small recurring revenue.

Scott, we haven't benefited – Scott, having come from IBM and helped move IBM into the services business at a time it was a hardware manufacturer, he at least brought a lot of domain knowledge here about what happens to those margins over time. So we've tried to avoid the trap of getting into that business and do things a little more creatively. So I think...

<Q – Faye Elliott>: Okay.

<A – Jeffrey C. Sprecher>: It's a long-winded way of saying we will be looking for high-value-add services that have a long run rate on them, so that they don't degrade. They would actually grow our margins.

<Q – Faye Elliott>: And would be additive to you on a long-term basis.

<A – Jeffrey C. Sprecher>: Correct.

<Q – Faye Elliott>: Okay; great. Thank you.

Operator: We'll move now to Jonathan Casteleyn with Susquehanna.

<Q – Jonathan Casteleyn>: Thank; good morning. I noticed your Gasoil contracts surpassed WTIs as your second biggest futures contract. Any way to scale how big that franchise can get in terms of your perspective of open interest or some of the macro drivers you articulated in the beginning of the call?

<A – Jeffrey C. Sprecher>: Yeah. Jonathan, the interesting thing about crude oil, while it is the flagship product of the energy complex, none of us on the call will ever buy a barrel of crude oil. I mean, crude oil is produced by oil companies and it is consumed by oil companies. And the real hedging that goes on there is by oil company.

But Gasoil, as a middle distillate or a refined product, is a proxy for all of the things that people actually need to hedge: jet fuel, diesel fuel, heating oil. And that contract, because it is delivered seaborne in Europe, is very reflective of a mobile product and it is increasingly being used as the hedge for all of the growth of that middle distillate.

So you could imagine that Asian businesses as they move into hedging, and we mentioned Europe as they are using more diesel fuel and what have you, rather than list the diesel fuel contract or jet fuel contract or what have you, we're driving people into Gasoil, because it is a very, very highly correlated hedge with a lot of liquidity in it. And I would expect that to outperform the oil markets.

<Q – Jonathan Casteleyn>: That's interesting. Thanks. And quickly to Scott, you mentioned the share buyback authorization, just above 200 million remaining. I know at one point you could have retained shares at likely $114 to kind of, I guess, take some of the dilution away from the Creditex deal. But can talk about that I guess the cost of capital in consideration of the buyback as the stock trends higher here, just your appetite to buy it at certain levels?

<A – Scott A. Hill>: Well Jonathan, I think what we've shown by action, as opposed to forward-looking, is that we're going to be a strategic buyer. And as you said, the share price at which we issued the shares around Creditex was around I think, $113, just under $113 a share. And so the way we've executed our buyback so far, we bought back shares at about a 15% to 20% discount versus what we issued them at.

And so as I look at it, that's really where my focus is. We still, I think, got around 2 million shares, maybe a little less than that that are outstanding related to that deal. At a moment in time where we could advantageously go grab those shares, I'd love to do that. But again, as we look at the opportunity set in front of us, that's not where our primary focus lies.

<Q – Jonathan Casteleyn>: Understood. Thanks for that. That's helpful.

Operator: And we have time for one final question. We'll take it from Jillian Miller with BMO Capital Markets.

<Q – Jillian Miller>: Thanks. Good morning, guys.

<A – Jeffrey C. Sprecher>: Good morning.

<A – Scott A. Hill>: Good morning.

<Q – Jillian Miller>: We'd seen a couple of new members join your eConfirm service recently. I think it's currently running at about $2 million per quarter in terms of revenue and I'm just wondering what you think that could grow to? And whether we are going to need to wait until Dodd-Frank is in place at the back half of the year before that would ramp up?

<A – Jeffrey C. Sprecher>: Yeah. It's an interesting business for us, because the eConfirm database holds the bulk of the open, bilateral positions that exist in the swaps market in the energy space globally. It has huge uptake and it's something that we've been building over the 10-year life of this company. And so it has tremendous connectivity and we have expanded the connectivity to include brokers, so that we can literally do three-way matching and brokers can get paid their commission much quicker by matching trade tickets between buyer, seller and any intermediaries.

Under Dodd-Frank, there is a call for a swaps data repository. That is a swaps data repository. And I think that the CFTC, as I mentioned, because of funding constraints will need those swaps data repositories to be – have a lot of tools around them for compliance activities and enforcement activities that the CFTC may want to take. So we have all those tools that we can bring into that business and provide that swaps data repository.

The ISDA is planning to do a request for quote to look for a swaps data repository that ISDA would want to get behind. Other market participants had been actively talking to us about converting that to a swaps data repository, because it is all in place and it would be quite easy for everybody to keep all that connectivity, all the operating agreements, and nobody would have to move their positions.

But we see it is an opportunity. I think swaps data repositories are likely to be bigger and more complex, because of the lack of funding at the CFTC, but they would be steady earning companies. They will have to be priced appropriately because they are likely to be become large industry utilities. But they should have substantial and sustainable revenues and revenue growth if they are done properly.

<Q – Jillian Miller>: Okay, thanks. And then just a quick follow-up. You guys have said in the past that being about to offer local clearing services for UK-based energy traders was a competitive advantage for you guys, I guess, particularly in oil, because that is more of a London -entered market. I was just wondering if CME's work on starting a European clearinghouse could potentially erode some of that advantage.

<A – Jeffrey C. Sprecher>: The advantage we have in the way we built that business is that we have all our OTC and futures energy business in one clearinghouse. And so, we give an offset, for example, between natural gas and electric power, between natural gas and crude oil, between futures and OTC, between flat price products and options products. So there is a very complex interrelationship that exists in the risk model to give those offsets and then minimize the capital requirements for traders to manage that risk.

The difficulty that any third quality has in matching that footprint is that the open interest that others have are not in their European clearinghouses. And so it will be difficult to match those offsets. And I think it is -- that thereby makes it much more expensive. It's also hard to move open interest and what have you.

I do think that the market likes having competitive offerings. We've said that all along. People want to know that the pricing is in check, that they have some leverage that they can use to make sure that we've continued to listen to their concerns and needs. And so, I think having a competitor is not necessarily a bad thing. I think that it has helped drive growth across the industry. But I like our positioning, I guess is what you are hearing me say.

<Q – Jillian Miller>: Okay. Thanks for taking my questions.

<A – Jeffrey C. Sprecher>: Thank you.

Operator: And now I'll turn the conference over to Jeffrey Sprecher for any additional or closing remarks.

Jeffery C. Sprecher, Chairman and Chief Executive Officer

Thank you, operator. And I guess, let me just close by reiterating what we said. We're very thankful for the support that we got from our customers in 2010 and for helping us to position ourselves for a lot of change ahead. We've been able to deliver on top-line growth. We've really tried to show a lot of expense discipline to drive margin expansion, and we've got a brilliant opportunity set ahead of us. So we're quite excited.

I'd like to thank you all for your interest in the company today and I look forward to speaking with you soon.

Operator: That does conclude our conference for today. Thank you all for your participation.