PARTICIPANTS

Corporate Participants

Kelly L. Loeffler – VP-Investor Relations & Corporate Communications
Scott A. Hill – Chief Financial Officer & Senior Vice President
Jeffrey C. Sprecher – Chairman & Chief Executive Officer

Other Participants

Richard H. Repetto – Analyst, Sandler O'Neill & Partners LP
Howard H. Chen – Analyst, Credit Suisse Securities (USA) LLC (Broker)
Kenneth B. Worthington – Analyst, JPMorgan Securities LLC
Jillian Miller – Analyst, BMO Capital Markets (United States)
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MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the IntercontinentalExchange second quarter 2012 earnings conference call. At this time, all participants are in a listen-only mode. Later, we'll conduct a question and answer session, and instructions will follow at that time. [Operator Instructions] As a reminder, this conference call is being recorded.

I would now like to turn the call over to your host, Kelly Loeffler, Vice President of Investor Relations and Corporate Communications. Please go ahead.

Kelly L. Loeffler, VP-Investor Relations & Corporate Communications

Good morning. ICE's second quarter 2012 earnings release and presentation can be found in the Investors section of our website 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 judgment 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 Annual Report on Form 10-Q and quarterly report on Form 10-Q, which was filed with the SEC this morning.

With us today are Jeff Sprecher, Chairman and CEO; Scott Hill, Chief Financial Officer; and Chuck Vice, President and Chief Operating Officer. We'll conduct a question and answer session after our prepared remarks.

I'll now turn the call over to Scott.

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

Thanks, Kelly. Good morning, and thank you all for joining us on the call today. We're pleased to report our 12th consecutive quarter of double-digit earnings growth. This solid second quarter performance continues the momentum from the first quarter and reflects solid top line growth enabled by record futures volume and disciplined expense management that delivered increased operating margins.

I'll begin this morning on slide 4 of the presentation with an overview of our performance in the first half of the year. Healthy volumes across our futures and OTC energy markets yielded revenue of $716 million, up 9% compared to the first half of last year. Net income attributable to ICE was $291 million, up 16% year to year. And operating margins expanded to 62%. Diluted earnings per share rose 18%, and operating cash flow grew 14%. Our focus on identifying and solving the challenges facing our customers gives us confidence in our ability to deliver double-digit earnings growth and strong returns on invested capital over the long term.

Moving to slide 5, I'll detail our second quarter results. Consolidated revenues rose 8% over the prior second quarter to $351 million. With expense growth of just 1% over last year's second quarter, operating income grew 13% to $215 million, and operating margin expanded 2 points to 61%. Diluted earnings per share increased 19% to $1.95. Finally, capital expenditures and capitalized software totaled $18 million, and cash flow from operations rose to $180 million in the second quarter.

Turning to slide 6, you can see the revenue and expense components of our second quarter results. Futures revenues rose 14% to a record $169 million on record volume at ICE Futures Europe. OTC Energy revenues increased 3% to $101 million, while OTC Credit revenues declined to $36 million. Taken together, our consolidated transaction and clearing revenues increased 6% to $307 million. Market data revenues grew 21% to a record $37 million, demonstrating continued demand for our globally relevant commodity market and related market data services.

ICE's second quarter consolidated expenses are summarized on the right side of slide 6. Operating expenses were $136 million, up just 1% from the prior year and down from the first quarter. Our disciplined expense management, coupled with solid top line growth, drove our operating margin to 61%, compared to 59% in last year's second quarter. During the second quarter, comp and benefits expense rose 4%, and we recorded $4 million of acquisition-related expense. We expect ongoing M&A expenses of $1 million to $2 million per quarter, as we continue to evaluate a range of strategic M&A opportunities. And we continue to forecast full-year expense growth in the range of 3% to 6%, which we believe will enable investment in key growth opportunities, operating efficiency, and solid earnings growth.

Next on slide 7, I will highlight the record performance of our futures segment during the second quarter. Record revenue was driven by record average daily volume of 1.6 million contracts, up 11% year to year. ICE Futures Europe and ICE Futures U.S. posted record revenue in the quarter. This strong performance was once again led by our Brent Crude contract, which despite prices declining more than 20% during the second quarter, saw volumes rise nearly 30% as its ascendance as the global benchmark continued. This global leadership is evidenced by the diverging trends in volume and open interest relative to WTI and the ongoing $15 premium of Brent.

You can also see the growing preference for ICE Brent options, which resulted in our volume quadrupling year to year in the second quarter. Also in the second quarter, our Gasoil contract grew 7% year to year, and European emissions contract volume rose 11%. The EU Commission on Climate Change recently confirmed the UK government's opt-out auction platform for Phase III, where ICE Futures Europe will provide that platform. We believe this will support our leading position for the third phase of the European Emissions Trading Scheme beginning in 2013. While Brent, Gasoil, and emissions are our largest revenue contributors, our energy futures complex grew strongly, with UK natural gas, coal, heating oil, and [ph] all other (6:31) gasoline features all posting more than 20% revenue growth over the prior second quarter.

Moving to ICE Futures U.S., rising open interest in our agricultural contracts translated into 14% volume growth in the second quarter. Sugar volumes continued to improve, rising 7% year on year, while cotton volume increased 31%. Also during the quarter, we successfully launched new contracts for corn, soybeans, and wheat. We're seeing encouraging levels of volume and participation, and we will continue to develop these markets based on customer feedback. Open interest across our futures exchanges increased 30% year to year and reached 9 million contracts at the end of June. Tomorrow we'll report July average daily volume for our futures market. Month to date volumes reflect continued momentum from 2Q and are up more than 17% year to year.

Turning to slide 8, I'll review our OTC business for the second quarter. OTC Energy average daily commissions grew 3% to $1.6 million. North American natural gas revenues were up modestly to $62 million despite 10-year lows in natural gas prices. Volatility driven by warm weather conditions, natural gas options, and the launch of new products supported modest growth in trading activities. Global oil revenues rose 23% to $14 million, primarily due to the demand for our Clear global oil contract. Revenue from OTC Energy products launched since the inception of ICE Clear Europe contributed $13 million in the quarter. We currently estimate that OTC Energy commissions in July will average around $1.4 million a day in a relatively low-volatility environment, during what is typically a seasonally slow month.

Turning to our credit derivatives business, second quarter revenues were $36 million. This included $21 million from Creditex, and $15 million from CDS clearing. Through July 2012, ICE has cleared nearly $33 trillion in gross notional value. We have open interest of $1.5 trillion, and today we offer clearing for over 340 CDS instruments. We remain the leader in CDS clearings, with a growing range of products and customers. And with the recent CFTC pronouncement regarding mandatory clearing of CDS index products, and as additional rules, such as portfolio margining and swap rules, are finalized, we anticipate improved CDS markets later this year and into 2013.

I'll conclude my remarks on slide 9. We generated $366 million of operating cash flows during the first half of 2012. We ended the quarter with over $1 billion in cash, no net debt, low leverage, and access to a $2 billion undrawn credit facility. We generate consistently strong cash flows and have a very strong balance sheet. And as you would expect, we continuously evaluate the optimal deployment of our available capital.

We consider many factors, including our operational cash needs, U.S. versus non-U.S. cash generation, tax policies, regulatory requirements, and investment opportunities. Above all, though, we focus on deploying capital in a manner that we believe will generate the greatest value for our shareholders. We've invested not only in key organic growth initiatives, but also in strategically important partnerships, licenses, and acquisitions that have allowed us to outgrow our competition and deliver returns on invested capital not only better than our industry, but also well above our cost of capital and above the returns generated by our peers in the S&P 500.

At the same time, we've spent nearly $600 million since 2008 repurchasing our shares, and we have over $300 million remaining in our share repurchase authorization. We know that many in our industry have chosen to pay a dividend, and that some analysts have a view that we, too, could pay a dividend. However, we do not believe we should pay a dividend simply because we can. While others in our industry may have concluded that value-accretive growth investments have disappeared, we disagree. Thus, we intend to continue to invest in growth opportunities and to aggressively repurchase our shares in an opportunistic manner. In other words, we do not intend to make a change in our capital deployment strategy at this time, because we remain confident that we can more effectively invest that capital and continue to deliver earnings growth and solid returns on investment to our shareholders.

With that, I'll be glad to take your questions during the Q&A session. Jeff, over to you.

Jeffrey C. Sprecher, Chairman & Chief Executive Officer

Thank you, Scott, and thank you all for joining us this morning.

ICE again delivered double-digit volume and earnings growth in the second quarter in the face of a fourth consecutive year of economic and regulatory uncertainty. Amid this environment, we've strategically expanded our business, which has produced growth on top of growth. We're executing for our shareholders while providing a path for our customers, as financial reform moves from the legislative phase to implementation. We've positioned ICE as a central source for solutions as these new laws take effect.

We understand that opportunity exists within change, even if that means we must change. So we recently announced the move of our soft commodities options market from the floor to the screen. The rapid expansion of our new OTC clearinghouse has now caused it to become deemed systemically important. Our new swaps data repository is launching, and the planned migration of our energy swaps market to regulated futures is under way. I believe this is where ICE excels, such as the way we transitioned our markets to our own newly built energy clearinghouse amid the financial crisis in 2008, or the way we implemented position limits on OTC energy markets in 2010; or even last year, how we converted ICE Clear Credit from a U.S. regulated Federal Reserve bank to a CFTC and SEC regulated clearinghouse. Our ICE team is very adept at managing change, and the strong financial results that we just reported reflect our agility and our continued focus on growth.

On slide 10, you can see that ICE is performed well in both risk-on and risk-off environments. I think there are two fundamental reasons for this.

First of all, our business is focused on the requirements of commercially oriented hedgers that manage billions of dollars of assets every day. You can see this very high concentration of commercial customers in ICE's weekly Commitment or Trader reports. These market participants have increasingly relied on ICE for everything for market data and trade confirmation to clearing and technology, all of which are tailored to support their larger business goals. Since the formation of ICE, we've taken an end user, front to back office perspective, rather than a pure focus on techniques to attract trade execution. We've completed M&A that's strategic in nature rather than size or scale oriented, and this has created for us a nimble infrastructure that provides critical risk-management tools that are relied upon regardless of market cycle.

The second driver of our consistent results has been our diversification across geographies and markets. Our traditional benchmark futures markets play a key price discovery role around the world, and we've worked with the market to develop, list, and clear standardized swap contracts that provide spread-based and location-specific flexibility to serve the need of hedgers around the world. As you can see on the chart here, this market depth has produced consistent growth over the last several years. And our product diversity will remain in place under our recently announced transition from swaps to regulated futures.

ICE's positioning in the global energy and agricultural commodity markets remains a competitive differentiator. Secular growth is driven by the demand for hedging and risk management that is required to manage prices of raw materials. In the recent months, you've seen Chinese firms making sizable acquisition of commodity-related companies to meet the demands of growing infrastructure and population. Several of these transactions have been in the European and North

American natural gas and oil markets. And two involve North Sea oil fields, on which ICE's Brent Crude contract is based.

Additional Chinese investment is just the latest positive development in the North Sea, which reinforces the support for Brent as the global oil benchmark. It also further demonstrates Brent's link to Asian energy markets, as well as the anticipated longevity of future oil production from the North Sea. The reliance on Brent as a marker is due in part to the physical output of more than 2 million barrels per day, and it's over 30 billion barrels in estimated reserves. As a result, Brent is used to price over two-thirds of world's physical oil.

You can see the strength of ICE's oil markets on slide 11. ICE Brent futures and options daily trading volume is up 20% year to year in the first half of 2012, and our open interest is up over 100%. The complementary relationship between Brent crude and Gasoil has been a key driver of Gasoil's growth, with Gasoil serving as a global diesel benchmark to assist in hedging refining margins and refined product prices in Europe and in Asia. The trading volume of Gasoil on ICE has more than doubled in four years. And finally, you can see the demand for cleared global oil swap contracts has driven trading volume growth and seven consecutive quarters of rising open interest at ICE. At the end of the second quarter, open interest of cleared oil swap contracts was up 57% year over year to 2 million contracts.

Moving to slide 12, I'll note that in the United States last month, we marked the two-year anniversary of the passage of Dodd-Frank. Dodd-Frank implementation has resulted in over 8,000 pages of new regulations so far. The CFTC and the SEC recently finalized the swaps definition rule, which triggered effective dates in nearly 20 other rulemakings. These include swaps dealer registration, aggregate position limits, and real-time reporting, among others. The effective dates for our customers generally range from the fourth quarter of this year through the first half of 2013.

As implementation advances, ICE is helping our customers to meet these new legal requirements. Last month, ICE Trade Vault was provisionally approved by the CFTC as a swaps data repository. Approved for all assets classes, it is currently the only swaps data repository authorized in the United States.

Another initiative we've been working on is our transition of OTC Energy swaps to regulated futures contracts. We anticipate a seamless shift, as the contracts will continue to be listed on the same trading platform and cleared by the same clearinghouse as they were previously. You may recall we did this same thing in 2006, when we transitioned our West Texas intermediate crude product from a swap to a regulated futures contract. We believe this move will provide the best features of OTC in futures markets for our customers, and it will simplify their efforts to comply with regulation, while meeting regulatory goals of increased safety and market transparency.

Another area of focus for us is a systemically important designation process. ICE Clear Credit was officially designated as a systemically important financial market utility in July. While this Dodd-Frank mandated process is focused on U.S. institutions, similar exercises are taking place globally under the IOSCO framework. All of our clearinghouses are highly regulated, and we think the global application of uniform IOSCO rules across clearinghouses will help reduce risk.

While several global rulemakings are still in process, regulators are pushing towards the G20 deadline for setting forth clearing rules by the end of 2012. Last week, for example, the CFTC issued rules for the first set of product subject to mandatory clearing, which include credit default swap indices. With over $32 trillion in gross notional value cleared to date, we remain the leading risk-management model for clearing CDS by a wide margin.

Additional asset classes are phased into the clearing mandate, and ICE will continue to lever our experience to provide additional services, including the foreign exchange product market. And we're working closely with the industry and regulators to ensure that rules and procedures around customer protection are now reinforced. There are a number of so-called – or there are a number of rules being implemented including the so-called [ph] Corzine Law, (19:54) the Legally Separated Operationally Commingled regime, and the electronic verification of funds. And we believe these policies will support customer confidence in our markets.

On slide 13, I'll update you on a few more items that we're often asked about. First of all, you can see that our customer growth has continued since the start of the year, and it's coincided with the ongoing introduction of new products, services, and technologies. The demand for information about our markets is evidenced in the 11 consecutive quarters of market data revenue growth. This year, we integrated our YellowJacket platform more deeply into our infrastructure, and we renamed it ICE Chat. And we launched additional sophisticated mobile tools. We continued to benefit from adding new contracts based on customer demand since the launch of ICE Clear Europe, with these products generating solid revenue growth each quarter.

Our emissions futures business has been a very strong performer for us, generating over $30 million in revenue in the first half of 2012 on 18% volume growth. Our new grain and oil seed futures have gained traction since their launch, and these increase our relevance not only in North America, but throughout Europe and Asia as demands for ICE's commodity markets grow. Our joint venture in the Brix power exchange continues to see growth in traded volume and in new customers. And in June, CETIP launched its first phase of Brazilian fixed-income trading on ICE's technology. These investments exemplify our focus on finding early stage opportunities and building on them. And we're positioning ICE in Brazil in much the same way that we introduced technology and risk management to markets in the United States over a decade ago.

I'll conclude on slide 14 with a progress report to update you on the five themes that we noted at the start of the year. First and foremost, our core energy and agricultural complexes continue to benefit from strong secular trends in the global commodities markets, driven by emerging economies, price volatility, and the rising demand for risk management. In the first half of 2012, we introduced over 100 new products across energy, agriculture, and credit. We continued to expand our footprint in emerging markets, and we broadened our options technology and options product offerings. We made progress on our operational plans for transitioning our swaps to regulated futures contracts and launching our swaps data repository. And finally, we continue to actively evaluate strategic growth based on our positioning and our long-term vision on how ICE can serve the global markets. We couple this with a focus on preserving our leading returns on capital and double-digit earnings growth.

As shareholders ourselves, our entire team is closely aligned with investors. And we continue to focus on creating pathways for growth. I'd like to thank our customers for their business and their support in the second quarter. And I'd also like to acknowledge the ICE team for helping to serve their needs and again delivering industry-leading results. I'm very proud of our culture that drives us to innovate and grow by serving our customers each day.

And so with that, I'll turn the call over to our operator, who can conduct the question and answer section. Operator?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from Rich Repetto from Sandler O'Neill. Your line is open.

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: Yeah, good morning, Jeff. Good morning, Scott.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning, Rich.

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: I guess first question is for Scott. You spent some time to go over the potential uses of the $1.1 billion in cash. I guess could we get more detail on the potential investments that you're looking at, and is there – you've talked in the past about cash in the UK, that there'd be certain tax ramification of bringing it back. But if you – I guess my question, too, is if you're bringing down the M&A – or the acquisition-related costs per quarter – what are the big investment opportunities out there?

<A – Scott Hill – IntercontinentalExchange, Inc.>: Yeah, as is typically the case, I'm not going to comment on any specific acquisition opportunities. But as I said in my prepaid remarks, we do believe there are opportunities out there. And you can look at the track record we've got. They're not all necessarily $1 billion, or $2 billion opportunities. They're technology opportunities to add to what we've got. They're asset-class opportunities to add the products that we offer to our customers. So if you look at the history of what our acquisitive activity has been, I think it gives you a good view into what we're thinking about, and the point of the remark was that we still think those opportunities exist, and so we believe it's appropriate for us to have capital available for those opportunities.

Shifting to your second part of your question, just with regards to generally how we think about the cash that's available to us, I've said in the past that you could think of our kind of cores or zero level cash balance in the $250 million to $300 million range. That's kind of our comfortable operational cash. You spoke a little bit about the UK versus U.S. We generate now less than half of our income and half of our cash flows come from the U.S. So we do have a lot of our cash flows outside the U.S. And as you know, the UK recently agreed that their tax rate will come down to 24%, and it's on a glide path to 23% versus the U.S. at 35%. So for me to bring that cash back to the U.S. is not efficient for our shareholders or for our company. And then as you'll likely note, you probably haven't dug through the details yet in the quarter, but as the regulatory capital requirements are being set, we increased our restricted cash in the quarter by about $30 million, reflective of increased regulatory capital requirements that we've seen.

So we take into consideration all of those factors as we think about the use of our cash. And then as I mentioned in my remarks, we focus on what we're able to do with it. And generating 19% returns on invested capital against a WACC of 10%, we think, reflects that we do a pretty good job being good stewards of our shareholders' capital.

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: Understood. It is a lot of cash, though, Scott. Anyway, the one follow-up I have, Jeff, the move from OTC Energy to the listed, a bold move. And I guess the question is, will you still connect – will you still have a energy SEF, and as a clearinghouse will you still clear? And what are the – do you see this as a broad trend of the OTC markets, whether it be energy or other asset classes moving into the listed environment? Yours was sort of unique, I'd think.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Yeah, those are both good questions. First of all, we do intend to register ICE itself, our trading platform, as a SEF, and we do believe there we will be SEF trading of energy products. We at ICE have done a lot of work over the last decade getting into the physical markets that are not cleared and getting into certain bilateral markets that are not likely to lend themselves to clearing, and those for sure will trade on SEF-type platforms. We'll see how the market evolves in terms of its skew between futures and OTC trading as time runs forward. But it's our intent ultimately to be a very responsive trading and clearing infrastructure for the marketplace so that business can get done however customers want to get their business done and that ICE can participate in that workflow, so.

I do think it's a bold move that we're doing. We're trying to show leadership. We're trying to show our customers some direction. We have been talking extensively with our customer base for the last couple of years in the United States, particularly around the implementation of Dodd-Frank. And we concluded in the last few weeks that this was the right moment because our customers are almost unanimously telling us that they like this idea and they want to push us there. I think it is foreshadowing trends in other asset classes. One of the things that I think our company and also some of our competitors deserve credit for in the energy and commodity space is that we have helped standardize the markets in terms of their terms and the way they trade so that those products can be cleared. And in doing so, the hedging techniques that exist in our space have relied heavily on standardized products.

And I would suspect that in other asset classes, particularly as we know more about the new Basel III rules and the way dealers are going to be reorganizing and constructing themselves, we may see that there is a move toward standardizing those other asset class products that can be standardized. That would be my guess.

Operator: Our next question comes from Howard Chen from Credit Suisse. Your line is open.

<Q – Howard Chen – Credit Suisse Securities (USA) LLC (Broker)>: Hi, good morning everyone.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Good morning.

<Q – Howard Chen – Credit Suisse Securities (USA) LLC (Broker)>: Jeff, just a follow-up on that – the swaps to futures announcement. I mean, the benefits to your customers make sense to me, and certainly the additional transparency will be great for us in the investment community, but I'm just curious how you think this potential impacts the pace in new product delivery, the liquidity for some of these products that you may otherwise wanted to keep OTC for a while longer, and just pricing?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: I think net-net it will have little to no effect on any of those things. We have been – as a contingency, we've been planning fort this move since the creation of Dodd-Frank. We suspected when Dodd-Frank was passed that this would be the likely result for us, and we've been building infrastructure and adopting rules and pricing and other things for the last couple of years in anticipation of potentially making this move. And so in that regard it will be relatively seamless for us. There will be new procedures for the way we list products, the way we announce them. I think it will be evolutionary, not revolutionary. And we've become pretty adept at operating both futures and OTC markets.

Howard, I'd say one other thing that is for you and others that follow us very closely. If you really look at last quarter's results that we just announced, you'll see a very strong growth in the trading of energy futures products and a less-strong growth in the trading of energy OTC products. I believe that there's been a fundamental shift underway in this regard for some time, and I believe that our movement of OTC products into a futures environment is really reflective of a trend that is already underway, and certainly it's what our customers have been telling us, so it's a natural conclusion. I also think for government, that they can really take some credit in all these complicated rules. They've really essentially brought many opaque markets into a regulated, transparent environment that people understand, and so in that regard, I think it is – the regulatory policies have been successful.

<Q – Howard Chen – Credit Suisse Securities (USA) LLC (Broker)>: Thanks for all that color, Jeff. That's really interesting. And my follow-up, you mentioned Basel III briefly, but there's been a lot of discussion on central counterparty risk weighting and CVA proposals. Just – could you share your thoughts on what you're hearing and how much you're hearing from clients, differentiating between better capitalized, more dynamically managed TCPs like yours and maybe weaker ones that are out there?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Those are, again, good questions, and everything that you asked about is certainly a work in progress and ongoing dialogue, but generally speaking, all of the discussions we've had with senior policy makers has been that they want to make sure that capital rules encourage the use of clearinghouses. So regardless of how clearinghouses are weighted, I suspect that keeping trades bilaterally and opaque will have much higher weightings. I also think, you can take some comfort if you look at the growth of clearing in the commodities markets. What's really been happening is that customers have been able – they want to give us as many types of trades as they can so that they can net down their absolute exposure. And in doing so, they really net down their capital requirements. And I think there will be a continued role for major clearing firms in helping people with collateral conversion into clearinghouses that will make the posting of margin less onerous for ultimate end users. But I think that the net risk that will come via clearing will be, for many major customers, will be a nice surprise for them when they really see their true exposure, and they'll be able to see their true hedge, for example.

I think with respect to the various clearinghouses, the U.S. did a systemic overview of clearinghouses. That process is going on globally. I would expect that our European clearinghouse where we clear huge amounts of energy and credit default swaps will ultimately receive some kind of similar designation by the UK government under these IOSCO regimes. I think – it's yet be known what a systemically important financial market utility is going to look like or how it's going to be ultimately regulated or what its ultimate capital needs are. That's part of the uncertainty that Scott mentioned in ICE looking at our own capital needs and looking at the opportunities that we may find in the marketplace for others that can't manage through their needs in terms of M&A.

Operator: Our next question comes from Ken Worthington from JPMorgan. Your line is open.

<Q – Kenneth Worthington – JPMorgan Securities LLC>: Hi, good morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Kenneth Worthington – JPMorgan Securities LLC>: First, I wanted to dig into options. You've had huge success in Brent options. What is the outlook for options in your non-Brent European and U.S. products, and maybe where do you see the most promise at this point?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Well, sure. There's been a long-term trend towards the use of options in the cash equity space. Even the retailization of the use of options. They're becoming better understood, better accepted as risk-management tools, and so there's an overall secular trend going on there that we've been tapping into. And I think as you know, Ken, we have been heavily, heavily investing in various technologies to try to move options more electronic. We certainly found a sweet spot this year. Basically in seven or eight months, the floor-traded options that were traded at the ICE Futures U.S., the old New York Board of Trade – coffee, cocoa, and sugar – have moved electronic. I believe earlier this week we were 96% electronic and 4% floor based.

So there is a movement and a customer preference towards electronifying these. I think as they become electronic and standardized, you will see the velocity of trading increase in those markets where there's already liquidity. And I think as traders look for alpha, as people are trying to hedge more complex books, and as dealers reposition themselves and try to – and brokers – try to create value for their shareholders, there will be a movement toward greater use of options and option strategies. So I do think that you'll see it move. And that's probably much more in our Gasoil contracts. As we move down the oil refining curve, I suspect you'll see greater use of options, just levering off of Brent, for example.

<Q – Kenneth Worthington – JPMorgan Securities LLC>: Okay, thank you. And then, maybe regulatory side, we've had two FCM failures. What do you feel are the best outcomes from a regulatory perspective for the market? What are the realistic outcomes that would be, I guess, maybe most impactful for ICE, both helpful and harmful? And do the rules in the U.S. kind of transcend the UK and Canadian markets? Like – does what happened in the U.S. influence what could happen with rules here in the UK or Canada, or are those regions likely to remain kind of as is or status quo?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good questions, and I do think, first of all, that the infrastructure providers like ICE will have a bigger role in helping to manage customer risk, and in that regard will be able to provide more services and charge for them. So I think that this trend is probably in our company's best interest. But beyond that, we need to find a balance, and the U.S. is searching for it, and certainly there's a lot of debate about it. And some of the trends that were already in place are being accelerated. So the market is not being caught flat-footed. There was already talk of customer improvements that – in things like electronic certification of funds on deposit, that to a large degree helped uncover the PFGBest/Peregrine issues. We're already well under way.

I do think that what's happening here will influence events outside the U.S. I do think people are looking to what's going on here. One thing that's important for ICE is to maintain the role of the clearer and broker in the process. They play an important role for exchanges in providing connectivity and distribution and marketing and on-the-ground risk management to our customers. So it's important that we find a balance that keeps them in the business and incented to make money and provide services for their customers. That will be in our long-term best interests. But I do think that the clearinghouses and exchanges through technology and through bankruptcy regimes will play an increasingly important part.

One last thing I'd say to you, Ken, is I hope that whatever we do will continue to keep the onus on the end-user customer to think about who they give their money to. At the end of the day, you and I as consumers have choices on who we can use to manage our money, and I think it's important that customers realize that there will be protections in the marketplace, but there will not necessarily be implicit guarantees and that there's still an onus to manage your money wisely. And that exists in every other asset class and in every other jurisdiction around the world, and I hope that customers don't put unrealistic expectations on the futures markets.

Operator: Our next question comes from Jillian Miller from BMO Capital Markets. Your line is open.

<Q – Jillian Miller – BMO Capital Markets (United States)>: Thanks. Morning, everyone.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Good morning.

<Q – Jillian Miller – BMO Capital Markets (United States)>: I just wanted to touch on this year from listening to the debates going on in the Parliament, it sounds to me like some form of open access is – well, I think likely in Europe. Probably not fungibility, but maybe something similar to what we have in the OTC markets now. And just wanted to get your thoughts on how something like that might impact your business, and are there any moves you can make that might protect you from something like that, just given you operate across a number of different countries and regulatory regimes?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Well, it's hard – first of all, it's hard to predict what will ultimately become of the regulatory debate that's going on in Europe. It's still an active debate. And I do think similar to some of the earlier questions that I responded, that Europe is looking at what the U.S. has done, and they're looking at what Asia is intending to do, and they want to find a balance so that there's not a regulatory arbitrage. So I don't expect that we're going to see an outlier in global regulation. In other words, I think global regulation is going to be relative similar across jurisdictions, and the reason I think that is because it's in regulators' best interests to do that.

Now, that being said, the discussions about access for clearing are an active conversation. There are a lots of amendments that have been – being tabled and developed in Europe, and they're under debate and discussion. So it's hard to say what the exact language will look like. But one last point is that we clear – we have, as you know, a really important clearing infrastructure, and we take trades from hundreds of different venues into our clearinghouse, both in the form of regulated futures that are done off exchange and OTC contracts that are done outside of ICE. And we, more than anybody, set up our clearing infrastructure as a business to attract business, and we've built the infrastructure to do that, and we've built pricing to accommodate that. And so I think the trend, which is to push more business regardless of how it's executed, into clearinghouses is in ICE's favor.

<Q – Jillian Miller – BMO Capital Markets (United States)>: Okay. Thanks. And then just on the grain product launch, volumes have been growing, but a little bit more slowly recently, and it seems to be – having maybe plateaued around 4,000 contracts per day with open interest around the same mark. And I was just wondering what your thoughts are on the product. Is it having the start that you anticipated? Did some of the changes that CME made kind of in response to the launch maybe erode some of the competitive advantage that you are hoping for with the product? Or is it just a case that you still have very high hopes, and it's just going to take a little while to build up the liquidity?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Again, a complicated question. But, first of all, I'm actually pretty impressed with how well that product is doing for us. It's trading regularly with very tight markets, and there's still a lot of customer demand for that product and a lot of customers that are working with us in the background to get set up, to make changes to their internal policies and processes to be able to get access to the product.

So I'm actually pretty impressed, because I was a bit of an internal skeptic of our own effort this way. I do – look, I'm an engineer by education. I bring that up a lot, but I know Sir Isaac Newton taught us all that for every action there's an equal and opposite reaction, and I know that and expect that. And it's a law of nature, so you don't try to change that. And so I expected that there would be competitive reactions, but the desire for ICE to get into this business was driven by a host of customer demands that I think are long term and secular in nature and will continue to support those products regardless of competitive changes.

Operator: Our next question comes from Chris Allen from Evercore. Your line is open.

<Q – Chris Allen – Evercore Partners (Securities)>: Morning, guys.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Morning.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Morning.

<Q – Chris Allen – Evercore Partners (Securities)>: Could you just revisit kind of the expense outlook? When we look at the full-year forecast relative to the first half, it's pointing to expenses in the $137 million to $145 million range, so up sequentially from where we were this quarter. I'm just wondering, like, what would be the drivers of a sequential expense growth from here?

<A – Scott Hill – IntercontinentalExchange, Inc.>: Yeah. I think, Chris, you may be taking the high end of the range to get to that view. I actually think we're trending more to the middle of the range for the full year. My expectation, as you look out at the next couple of quarters, is – first quarter to second quarter, we were down. I don't expect third quarter to bounce up a lot from where we were in the second quarter, and I don't expect the fourth quarter to be materially different either.

The one variable that we've got embedded in that is what happens with our bonus accrual. I think we're tracking to our typically very challenging budget through the first half of the year. So, again, assuming that stays on target, my expectation is you're not going to see much of an increase, and we'll end up somewhere in the middle to kind of 4%-ish, 5% for the full year. Which, by the way, is about where we are through the first half.

<Q – Chris Allen – Evercore Partners (Securities)>: Got it. Okay. And then just thinking about some of your growth opportunities, I mean, one that was not mentioned in the slide deck, which we've talked about before, the European natural gas opportunity. Any comment around that?

<A – Scott Hill – IntercontinentalExchange, Inc.>: That business continued to do very well. I touched on it ever so briefly in my remarks. It was one of three or four products that I listed off that saw growth of over 20% on a year-over-year basis. Jeff was talking in earlier in response to one of the questions about where we're seeing options growth. We saw good options growth – I think the options in UK natural gas were – the volumes were about three times what they were a year ago. That business continues to do very well for us. And then we also recently announced a deal that we're doing with Griffin, which is really targeting the European power and natural gas market and looking at another avenue to bring bilateral voice broker business into our clearinghouse, into a more transparent venue. So I think we remain very excited about that opportunity. It is continuing to grow in its contribution to us overall. So good performance in the first half of this year, and our expectation is that there's a lot of runway in front of us for that product.

Operator: Our next question comes from Alex Kramm from UBS. Your line is open.

<Q – Alex Kramm – UBS Securities LLC>: Hey, good morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Good morning.

<Q – Alex Kramm – UBS Securities LLC>: So, Scott, first of all, I want to come back to the first question Rich asked about capital. Not sure much incrementally you can add to your previous answer, but if I just look at the slides, I guess slide 9, $1.1 billion in unrestricted cash, $2 billion undrawn. And then look at my model in terms of free cash flow generation, it's like $700 million, $800 million over the next year or so. That basically gives you $4 billion in flexibility. So when I review your comments here, like, a few technology M&A opportunities, $100 million plus or so, and then maybe like $1 billion or $2 billion sizable deals, I mean, you've got a lot of that opportunity.

You've got a lot of money for those kind of opportunities and still have a lot of cash beyond that. So where is maybe the drive or the motivation to do stepped-up buybacks or something like that, given that if you believe in the growth of your company, you should be buying back stock to participate in the growth more. So maybe flesh it out a little bit more. Thank you.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Yeah, sure. So first of all, we absolutely do believe in the growth prospects for our company. And as I mentioned in my remarks, since 2008 we've spent $600 million repurchasing our shares. We have over $300 million remaining in our authorization, and you should expect us to continue to act aggressively in share repurchase as a means of capital return. I won't debate with your or Rich or any of the other folks on the call whether or not we could do a dividend. We do have a very strong balance sheet, low leverage, very strong cash flows. We can, but as I mentioned in my remarks, we don't do things simply because we can.

We step back and ask ourselves, where do we think we can put those dollars to the highest value use? And again, I'm not going to go into details now on each of the individual acquisitions that we're thinking about now or ones that we may think about in the future. But what I would point you to is we have demonstrated consistently that we are good stewards of capital, with strong returns, with good investments that have been value accretive for our shareholders, and we believe we can continue to do that.

The other point I would make, too, and I've alluded to it, is there are a lot of variables that are moving around today. Jeff touched on one earlier, which is what's it going to mean to be systemically important? What are the capital requirements for that? We don't expect that they will be materially different, but we don't know. What's the corporate tax rate in the U.S. going to be? Are we going to move to a territorial system? Are we going to finally realize that being 11 points higher than the UK is a bad thing for the United States? That would make it more efficient to bring cash back from outside the U.S. What's going to happen with dividend policy and capital gains, which is more efficient? Is 15% going to go to zero or going to go to 45%, and is it going to go consistently or is it going to be mixed between dividend and capital gain? So there are lot of moving pieces right now that would suggest to me that making a decision on – we're going to go one way versus the other, this isn't the right time to do it. And again, we remain very confident in our ability to grow and return.

The last point I would make and emphasize, though, is Jeff and I haven't made this decision, and our board hasn't made this decision today and then we'll get back to it and think about it again two years from now or a year from now. We constantly evaluate what the best use of our capital is and how to best deploy it. We'll continue to look at all the variables that are out there, the M&A opportunity, the tax policies, the regulatory capital requirements, and as we've done in the past, we'll adjust and we'll make changes in our capital deployment strategies as facts and circumstances change.

<Q – Alex Kramm – UBS Securities LLC>: All right, well, thanks for the additional clarification. It's helpful. Just – and then I guess for Jeff, looking at, I guess, what happened on the M&A side with the London Metal Exchange and Hong Kong – I mean, clearly you were involved there as well, and I think in some of the public comments you've made about that asset, you could clearly tell that you were pretty excited about it. And the opportunities set was changing some of the things around there, which Hong Kong seems like is not going to do it; they're going to keep things pretty intact. So just wondering if from an organic perspective you think the opportunities to go after that market, another avenue into Asia given that you've challenged incumbents before and have done so pretty successfully, or if you think this is a market that is so closely knit that it's pretty hard to enter? Thank you.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Well, first of all, you got a round of laughter in the room here that you didn't hear; it wasn't so clearly that we were going after that asset. We've never actually commented on that, and I won't start that process today. But I will say that whenever we have participated in auction-type M&A, we both think about how to play to win, and we also think about how to play to lose. And I think you've seen us do that in many ways in the past. And the reason that we play to lose is to open up opportunities for us as a result of potentially a winner's curse. And so I'll just suggest you that our company could not have gotten a fairness opinion to buy the London Metals Exchange for £1.4 billion. I do think it's a great company, and I do think it could have been a company that would have been interesting to potentially do business with, and I hope there will be opportunities to do business with it in the future under its new ownership. But that being said, we are pretty strategic around here, that we pride ourselves on driving strategy and creating a roadmap for both success and failure in various things that we do. And at this moment in time, we feel pretty comfortable with where we're sitting, and you can see it in our results.

Operator: Our next question comes from Matthew Heinz from Stifel Nicolaus. Your line is open.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: Hi, good morning, guys.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Good morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: Just a question on CDS execution. You've clearly been investing heavily on the clearing side, and you have the presence in the dealer-to-dealer space with Creditex. But do you feel you have the right combination of assets and platforms to have the type of business you want there long term post implementation of Dodd-Frank on the execution side?

<A – Scott Hill – IntercontinentalExchange, Inc.>: Well, yeah. Matthew, I think we're very confident that the investments that we've made in the CDS space position us very well as the rules are finalized around Dodd-Frank. As you mentioned, we've got a very strong clearing platform. I said in my prepared remarks, we now clear over 340 different products. We've cleared $33 trillion. We have well over $1.5 trillion of open interest. So without question we are the leading clearinghouse. We had our best quarter in terms of buy-side notional cleared in the second quarter. So as I mentioned earlier, we continue to see the march of the buy-side towards clearing. The CFTC recently announced that CDS indexes would be mandatory for clearing, which I believe started a 180-day clock for Category 1 traders, which is a vast majority of that market. So I feel very good about the clearing.

And in terms of the execution, again, we've been managing that business now for three years, really to deliver as much efficiency as we can. We continue to look at ways of getting more efficient, whether it's moving markets more electronic – you noticed in the quarter we're up to 63% electronic execution. It's getting rid of brokers in spaces that are going largely electronic, such as in the index space. It's maintaining our share, our number one ranking, and in the single-name space and in some of the structured products space, all with an expectation that – and, I'm sorry, just to round it out. And to build out our SEF. So the leverage, the CDS execution platform that we've got, and the expertise that we've got generally in executions at [indiscernible] (57:03) to build the SEF for CDS trading.

So I absolutely think we've got the right assets. I absolutely think that we've got the right customer engagement. And I am absolutely confident, as I said in my remarks, that as the rules get finalized later this year and certainly into 2013, that as that market turns, we will be the biggest beneficiary.

<Q – Matthew Heinz – Stifel, Nicolaus & Co., Inc.>: Okay. Thanks for that. And then just a follow-up on the emissions business. You mentioned some of the opportunities there just very briefly. I was wondering if you could expand on that. It remains your most lucrative product in terms of RPC. Just wondering if we could get some more detail on maybe the EU Stage III timeline and kind of your market share trends there?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Sure. First of all, I – thank you for asking about it. When we bought out our partner in that business, a lot of people scratched their heads and said why would anybody want to be in the emissions business? And we felt relatively confident about our positioning in Europe, and so far our results have exceeded our expectations. We were picked to build the UK auction platform, and there's a process going under way in Europe to pick a – for Continental Europe – to pick a platform, which I suggested on an earlier call I don't expect that we will be a part of. But as a result of getting deeper into the way these contracts are actually created and administered by government, I think it further engrains us.

Our market share has gone dramatically up over the last few years. The competitors are reacting to us by massively cutting prices or trying to do other things to claw back some relevance at the margin. That may be a little bit of a share skirmish, but it really is a result of the fact that we are so strongly positioned and continue to be and feel good about it. You do see the European government as a whole, both the UK and the EU, wanting to take proactive steps to continue for that market to grow and evolve. There is a real commitment to carbon trading in Europe, and the stress of the euro and the stress of the economy has not caused them to waver, which is pretty amazing. And so we have a lot of confidence in our continued growth over there.

<A – Scott Hill – IntercontinentalExchange, Inc.>: And the 11% volume growth that we saw in the quarter is despite some level of uncertainty with regards to what governments may or may not do with emissions certificates. It's – at a moment in time where we're pivoting towards the Phase III, which will run from 2013 to I believe 2020. But you asked about the transition into Phase III. I mean, one of the big things in Phase III – or two of the big things in Phase III are, one, the emission credits will start to be auctioned off, which I think will create some price volatility, and volatility tends to be good for hedging activity. And then the second big thing is you're going to see big transportation companies, airlines, and metals companies come into trading. And so, not only are you going to see the new auction activity, but you're also going to see a much more expansive set of customers, who have a need and an opportunity to hedge their emissions exposures.

Operator: Our next question comes from Roger Freeman from Barclays. Your line is open.

<Q – Roger Freeman – Barclays Capital, Inc.>: Hi, good morning.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Good morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Roger Freeman – Barclays Capital, Inc.>: Just to come back to the swaps to futures, can you clarify this a little bit more? Is the plan to basically replicate all of the energy OTC contracts as futures, or are you going to consolidate them down to some more standardized list? And if so, does that create any basis of risk issues? And will you dual list at all and ultimately let the market decide whether they want OTC cleared or futures?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: That's a good question. We are going to, over a weekend, covert any open interests in any contract that we have listed to a regulated futures contract. So there will be no change in the individual contract specification or the way it trades or the way it's listed on ICE. It will simply be computerized over a weekend, and any open interest that is in the clearinghouse will be deemed to be futures open interest.

In terms of how we list OTC contracts, we believe that the vast majority of energy companies will want to trade standardized swaps in the form of futures, but there will be potentially some OTC business that will stay in the over-the-counter markets, and also there are final rules that the CFTC is working on in the U.S. that will determine exactly what an OTC contract is. And so we will make sure that we can clear all of the energy business. We're not trying to discriminate, but we're making a calculated – highly calculated bet that our customers want standardized swaps to the futures.

<Q – Roger Freeman – Barclays Capital, Inc.>: Okay, great. Thanks. And just following on that [indiscernible] (1:02:56), what does it take for this to occur in CDS, if you have plans for that as well? And are you clearing – or where are you on clearing financial CDS? And then just lastly, on the VOS, the options is it YellowJacket that really pushed the envelope to a point where you could get the electronic penetration up to where it is? I know that negotiating those like complex electronic option order was always a challenge in that.

<A – Jeffrey Sprecher] : Sure. Well, first of all, our focus on the futures conversion is in the pure commodity space, and the reason that that's our focus is for 10 years, we've been working with the market to standardize those contracts. And standardize them in a form that makes them able to be listed on a central limit order book and cleared as futures – in futures stock clearing, in other words.

In other asset classes, there's much less standardization, as we sit here today. We have helped drive standards in credit default swaps, and the market has been working on recasting that product, to make it clearable, but there's still work going on by ISDA and others to continue to evolve credit products. And there are unique aspects of credit products and of interest rate products, and even foreign exchange products that, at this moment in time, don't necessary lend them so as to futures, because they involve off dates and cash flows, and other kinds of very customized and bespoke features that don't have the same attributes that energy does. That isn't to say that they aren't going to evolve – I suspect they will. But we have a decade of working with the commodities markets get us to this position.

With respect to options, I think there's actually a similar trend going on there, which is in the commodity space, generally you can trade any strike price at any premium price, and generally speaking our customers use some form of Black-Scholes to calculate volatility, but nobody uses the identical Black-Scholes tweaks, if you will. So it is highly tailored. What you're seeing happening is ICE has been evolving our technology to be able to clear and list tailored, more tailored contracts. And at the same time, you'll see liquidity starting to concentrate around some contracts that ultimately, we think, will help to drive standardization. So that process is in early days in commodity options, but the trend is certainly there. And as you know in the cash equity space today, you have very standardized values, premiums, and strikes that I would expect over time commodities will start to trend in that direction. That will – all of which, I think, will concentrate liquidity and increase volumes and give customers and brokers and dealers better tools for helping to manage risk.

Operator: Our next question comes from Niamh Alexander from KBW. Your line is open.

<Q – Niamh Alexander]>: Hi. Good morning, and thanks for your patience. On the credit revenues again, Jeff, how much today is clearing and – versus how much you think could be mandated to be cleared going forward, because you're so kind of early, ahead of the rules, I'm just wondering how much more of an opportunity is there without kind of the next phase of standardization and maybe some futures?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Scott mentioned that the way the U.S. clearing mandate is coming into effect is that Tier 1 type players will be the first to be subject to a clearing mandate. Those are basically the large banks and possibly some large funds. That's obviously the target group that we've been working with to help build our clearing infrastructure. So, that's why Scott mentioned we are very, very well positioned as the actual legal clearing mandate in the U.S. unfolds.

The large banks that have a large presence in the United States have made commitments to the U.S. Fed to clear a large majority of their business, and those banks have been doing that. So there is a – of new contracts that are being written, a large percentage of them by banks that are in the U.S., that have a large U.S. presence, have been going into clearing. What we would expect would follow under the clearing mandate would be banks that don't have a large a presence in the U.S. that have not been necessarily following that clearing mandate, as well as potentially a couple of large funds that have exposure to CDS that may be in that first tier.

After that, we think things will unfold relatively quickly where the entire buy side essentially will start to be drawn into clearing, and you'll see that in 2013 in the United States. I think Europe will – Europe – because Europe in the EMIR legislation is working towards laying out their clearing mandate under the G20 rules to have visibility into that by the end of the year, you'll see – I know from our conversations over there that European legislatures feel pressure to get moving on this, they don't want a regulatory arbitrage to exist. And so I think you'll see a similar 2013 kind of mandates and timelines coming out of Europe, would be my guess.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Okay. That's really helpful. Thank you for the color. And if you'll just bear with me on how I ask this question, the OTC markets, the futures markets, you kind of have – certainly in the futures, you have the member layer guarantor in front of the customer. And then in the OTC business, you have some customers coming in, but from a clearing perspective they still go through a member, correct?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Yep.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: So, help me understand – I mean, are you kind of getting to a point now where you are more interested in getting more of a connection directly to end user clients? Because with Creditex, you've got the dealer-to-dealer flow on the execution side. You bought it for the clearing and the changing market structure, but is a next phase for ICE to kind of start looking at more the direct dealer-to-client type execution venues?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: If you really look at what we have technology-wise, our platform, our ICE trading platform, is somewhat unique in that it can be permissioned by us to be a futures-style platform, which is an all-to-all platform that does not rely on dealers or market makers per se. We have the ability to create dealer-to-client in more traditional OTC-type role where the dealer is the market maker, and client is price taker. And we have the ability to go dealer-to-dealer, where it's basically a wholesale market.

And so we have never necessarily biased ourselves on how the markets should evolve. We've simply tried to create technology that serves whatever the market needs are. And then what's happened – specifically in the case of energy swaps – and as I mentioned this is something that we suspected was going to happen, so we've been preparing for, for last couple of years is that as the rules unfold, the customers really looked at – and they have enough visibility into Dodd-Frank rules right now, even though they're not finalized, but the key ones are. And they have said, you know what, I'd what rather trade these as futures.

So what does that mean? It means I'm willing to put my trades on a real-time ticker, not have then delayed 15 minutes or whatever in terms of what goes into a swaps data repository. I'm willing to have my trades be highly standardized in the sense that they could be listed on a central limit order book. And I'm willing to provide liquidity and take liquidity, and be a price maker and a price taker. I mean, there are people that have said it is incumbent on us as an industry to make sure that these markets stay liquid and transparent in order for this conversation to happen.

So energy is a bit unique, but I do think the other markets are – where possible, will seek to operate with the lower capital and the lowest friction. I mean, that's just sort of a natural phenomenon. And so we are well positioned with this technology footprint as these other markets transition, and that's why Scott spoke somewhat confidently about our views in the credit default swap market. But it's –

all of these markets are on a different trajectory and operating under different timetables, and we want to be in the work flow as much we can.

Operator: Our next question comes from Ken Leon from S&P Capital IQ. Your line is open.

<Q – Kenneth Leon – Standard & Poor's Investment Advisory Services LLC>: Great. And Jeff, question in terms of international growth. Do you mostly see that you're organically growing products or leveraging your technology platform to new partners despite your large capital? I mean, is this the way you're really going to grow, and does that provide enough upside for you given that there aren't a lot of London Metal Exchange companies out there for you?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: It's a good question. We are not in the technology business per se. We do not, unlike a lot of exchanges, have an active goal of licensing our technology. But where we have licenses, and we do, where we feel like we're at a disadvantage, and through a strong partner we could accelerate growth in an emerging area faster than being on our own. So our licenses and our partnerships are highly strategic.

Our business has done well financially for our shareholders. While we completely drive the businesses that have solutions for customers, we are very aware of the needs of serving our shareholders. So we tend to want to do business against our current model, which is to try to keep costs fixed and have growing volumes that have variable pricing. And so where we do license or JV or enter new markets with others, we're highly aware that that is the driver of growth for us. And so in that way, we're a bit different than a typical technology licensor, if you will.

<Q – Kenneth Leon – Standard & Poor's Investment Advisory Services LLC>: And – go ahead.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: And I would just – I agree, there are not many London Metals Exchanges. The London Metals Exchange is, I don't know, 200 years old? 150 years old? I mean, it's an unbelievable franchise. It was a member organization that had resisted becoming part of a larger exchange group for a long period of time, and you're right, there are not many London Metals Exchanges. But we have tended to do deals that people don't expect us to do. We don't really do deals where we are part of an auction, and it is simply who can pay the most or who wants to pay the most for an asset. Our deals that have really driven a lot of value have been the deals that have – we've created, they've moved us outside of our current comfort level, and they have not been obvious. And I know that may sound odd, but at the time we did the deals that we did – none of the things that we did particularly seemed very obvious to people.

<Q – Kenneth Leon – Standard & Poor's Investment Advisory Services LLC>: And finally, as an organization, you're very focused, very successful in executing with your management team. A wide number of opportunities and challenges which have been on this call today, and the question is do you feel that maybe you need to expand the management team even before you secure other new businesses, just because this is the way that you're going to stay ahead of the curve?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: That's a good question. And because I'm the founder of the company and because I'm very public in terms of wanting to meet with shareholders and analysts a lot and an outward face for the company, I think oftentimes people don't recognize how deep the management team is here. The reason I can do that and be public, and talk a lot as an outside voice is because it's just the opposite. It's because we have such a strong management and they give me the opportunity to be outward.

Chuck Vice, who sits next to me on all these calls and is our President and Chief Operating Officer, has been driving a lot of our execution. And recently we acknowledged a number of our younger executives and promoted them. And that was very intentional on the part of Chuck and I to both acknowledge their contribution and to continue to keep upward momentum for this next tier of executives, so that they stay attached to the company, because they are our ultimate future.

And so I hope that that I'm not getting in the way of the visibility into the strength of this team. It's because of the strong team that the company has done so well, and they afford me the luxury of standing in front of them and being the mouthpiece for them. So, no, we don't need more executives. In fact, we have a unbelievably deep bench. And the other last point I would make to you is we drive this company as a management team.

I don't think necessary people are aware of it, but there is a strong contribution by all of the people on our Management Committee, which I think now numbers around 18 or so, in driving the business across geographies and asset classes and technology, and what have you. It is a very, very collaborative effort, but it takes decisions and moves quickly, and backs each other up. So we have an unbelievable chemistry that's been going on here.

One last thing, if you'll let me just pontificate a little bit. We have been preparing this company for regulatory change in the form of Dodd-Frank and ultimately EMIR. We've been preparing this company for an increased flow of business into clearinghouses. There has been a huge investment of energy and time and evolution of what goes on inside the company to prepare for that, and so we've been able to make that investment for relatively modest capital. But nonetheless, you should not underestimate how well prepared we are for what we think is a heavily evolving financial services business.

Operator: Our next question comes from Chris Harris from Wells Fargo Securities. Your line is open.

<Q – Chris Harris – Wells Fargo Securities LLC>: Thank you. Good morning, guys.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Chris Harris – Wells Fargo Securities LLC>: Just a quick follow-up question on the grains business. Jeff, you mentioned a pretty strong start to that business, exceeding your expectations. I'm wondering if you could maybe share with us who the early customers or adopters are in that business. Are these hedgers, or they are more the algo traders that like to maybe trade off CME's platform? And then assuming continued success there, might we see you extend this strategy into maybe other non-obvious asset classes, like metals comes to mind, for instance?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Well, interesting – this is a customer-driven product launch. The ags are a customer-driven product launch, and the customers that we refer to are the hedgers that wanted some alternatives in the space and wanted competition and were willing to bifurcate liquidity to create another natural competitor. I think that we can grow these markets with algorithmic traders and other nontraditional market participants, because we've shown ourselves in other markets, that if we can attract the ultimate hedger end user, that you've got natural flow, and it becomes easy to attract other users. We're going to be very – we're very cautious in who we attract to our markets and how, because we want to make sure that that volume growth is for the benefit of that end user customer who is at the root at of our business.

But that's why I'm surprised and feel good about – personally surprised and feel good about that particular product launch. And I do think that we continue to dialogue with the commodities trade, and they are really going through a lot of changes because of global regulation, because of the emergence of business in Asia and Brazil, and other places. There's just an unbelievable amount of change happening at the commodity end user level. So there is a host of opportunities. Scott keeps referring to this opportunity set in relation to our capital, but we truly believe that there are fundamental changes going on in the way business is being conducted and that we are very well positioned and are being opportunistic in [indiscernible] (1:22:28) those changes.

<Q – Chris Harris – Wells Fargo Securities LLC>: That's great, Jeff. Just a quick follow-up for Scott really quick, if I could. I know a lot of questions on the capital return, just one other for you. Along the lines of seeing kind of an increase in cash balance here, we've also seen your debt go up by quite a lot over the last couple quarters, and I know you paid down little bit this quarter. Any strategic rationale why you have an increasing debt balance along with the cash? I mean I presume some of that in the fourth quarter of last year was you – maybe you wanted to prepare for LME, but now that that's kind of not really an opportunity for you anymore, might we see you perhaps aggressively pay down the debt a little bit more?

<A – Scott Hill – IntercontinentalExchange, Inc.>: Yeah, I'm not sure what you're looking at. The debt levels actually have been coming down the last three quarters. We did take on a little bit of debt when we made the Cetip share acquisition a little over a year ago. But I feel pretty good about the debt structure we've got, and our leverage is below 1. The term on our debt is I think around five or six years. And the absolute cost of our debt is below 4%. So I think if you lay up that against anybody in the space, nobody's got the maturity of debt that we've got at the interest rate that we have, and I'm not aware that anybody's got leverage much below where we are. So I think it's a very low leverage, very efficient structure that we've got in place.

And in terms of paying it down more aggressively, in a world where we're not paying much on the debt, I don't feel completely compelled to go and do that. It's an alternative. It's not one of the more attractive ones.

Operator: Our next question comes from Gaston Ceron from Morningstar Equity. Your line is open.

<Q – Gaston Ceron – Morningstar Research>: Hi good morning.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Good morning.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good morning.

<Q – Gaston Ceron – Morningstar Research>: Thank you for taking my question. Just – I had two very quick questions. One is, just going back to the grains for a second, I know it's been a big topic conversion since the launch, and I know it's still early days, as you said. But curious, if you expand your range a little bit, what do you see as kind of like the long-term potential for that segment. As we all know, we've got this drought here in the U.S., and there are expected things that events like this are going to become more and more common going forward, which you would think would increase the opportunities, or the need, rather, for hedging and other trading activity around that segment. So curious to know what your long-term sort of growth outlook is for that segment. And lastly on the market data fees, seems like they saw a nice increase again this quarter. Curious to know what's going on there?

<A – Scott Hill – IntercontinentalExchange, Inc.>: I'll take both those in order. So just with regards to droughts, and things that affect the agricultural contracts, I don't know to what extent that's going to continue, but we do believe that the contracts that we offer in the agricultural space give commercial customers the opportunity to hedge against those risks. Depending on what those risks are, though, it does materially impact what we see in volumes. So for example, cotton was extremely volatile a year ago, but the drought wiped most of the crops out. So there weren't a lot of commercial customers hedging crops that didn't exist, and so volumes were impacted. As we've gotten into a better growing season this year, and some of the droughts have abated in the key cotton-growing areas in a volatile environment, you saw cotton volumes grow 31% year over year. So I think some of the dynamics that you've talked about have always played a part in what we see in volumes and will always continue to play a part.

And your reference to the grains, again, we heard from customers that they wanted us to launch those contracts to provide them with an opportunity to more efficiently hedge their risk. To the extent there is customer demand to do that in those contracts or in other contracts, we are certainly going to listen to that demand and react to it.

With regards to market data, as I said in our prepared remarks, that for me has always been a very good leading indicator of interest in our market and where our growth opportunities. So when I say that we're optimistic about our forward growth prospects, a lot of it is the investment opportunities that Jeff talked about and the regulatory uncertainty, which opens up opportunities. But it's also a confidence in our core business. That market data revenue growth, I believe, is reflective of people being interested in seeing our data. And Jeff had a chart that he spoke in the presentation that showed the increase of customers that we're seeing. And what we see is we'll see people that want the data first and then once they've seen the data start to trade. And then that's combined with the fact that we have had an opportunity because of the growth in demand to adjust our pricing in the market data space. And we do that in a very careful manner, but that's another reason why you've see our data business grow significantly, over 20% in the quarter year over year, and pretty consistently quarter after quarter.

Operator: Our final question comes from Brian Bedell from ISI Group. Your line is open.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Hi, thanks. Good morning, folks.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Good morning.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Just another follow-up on the OTC conversion to futures in the energy complex. Obviously the trading velocity tends to increase pretty significantly on futures versus over-the-counter contracts. How should we think about how you're factoring that in, in your pricing of the futures contracts? And I guess in other words, do you think the trading velocity can increase a lot, and should that be upside to the current revenue trend in OTC Energy?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: That's a good question, and first of all we're not making any changes to our pricing. And maybe second of all and less obvious is we're very cautious in the way we introduce algorithms to our markets, and we have not really tried to drive volume through algorithmic trading per se. I made that comment in our prepared remarks. I'm trying to create a holistic environment where there enough liquidity for people to get business done, and for algorithms to make money, but for end-user hedgers to have a good trading experience. So we balance that.

But I do – all that being said, we're making no changes to our pricing or our philosophies as we go forward. There is a overall trend, however, in Dodd-Frank that more trades are going to be done across electronic transparent screens, and we think that there will be more trades done on a futures platform. Underneath the details of Dodd-Frank, the OTC brokers community has higher standards if they are going to continue to trade OTC. And so our broker partners in the OTC space are getting certified, they're taking Series 7 tests, they're registering with the NFA in many cases. And so they are for all intents and purposes taking the steps to become futures brokers. And so we think that the community itself will look a lot like the way it looks today, everybody with heightened standards and with more business being traded electronically, as it is being mandated to do so by Dodd-Frank.

<Q – Brian Bedell – International Strategy & Investment Group, Inc.>: Okay. That's very helpful. And then just lastly on the – just the volume trends, just very – in very late July. Obviously they're very strong in the first half on the energy side, but if you can give us a sense of maybe we'll get a little bounce-back on the OTC, I know $1.4 million a day, and July was trending down from last quarter. Do you think we'll get a little bit of snapback as we move through the third quarter there? And do you think the London Olympics at all are impacting volumes on the ICE Energy Futures side?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Those are good questions. We had a 4th of July in the U.S. that was in the middle of the week. That sort of lent itself to a lot of people taking the week off, and now we have basically a two-week period where a lot of our colleagues in London are not at their best, have chosen to leave town. So July is normally seasonally slow, and this particular July – I'm not foreshadowing anything, I'm just saying this particular July, you do have these kind of unique timetables that are going on.

But more broadly, as we go into the third and fourth quarter, we expect the U.S. gas and power OTC customers are going to be thinking about Dodd-Frank in earnest and their compliance with Dodd-Frank. We hope that our transparency on the convertibility of OTC to futures will keep people active in the OTC markets during that transition period. That's partly why we've come out with the statement now and given a lot of foreshadowing in what we're going to do. We thought that it was best to actually make that transition in January so that we can get people through what will be busy November and December holiday seasons, as well as a lot of pressure on people to comply with Dodd-Frank, so we didn't want to be one more thing to have to deal with. Also getting that election in the new year will allow people who hedge to make proper tax elections, which companies tend to do early in the new year under U.S. tax law.

So all that being said, it's hard to predict how the OTC markets will respond into the early days of implementation of Dodd-Frank. We know there will be more clearing coming, and so how that all shakes out yet to be seen. We feel good about the way we've positioned the company, however, as a regulatory roadmap for people to do business, and that's certainly how we're going to be marketing ourselves to our customers so that they can have confidence and compliance at the same time.

Operator: And that concludes today's Q&A session. I will now hand the call back to management for closing remarks.

Jeffrey C. Sprecher, Chairman & Chief Executive Officer

Well, again, I'd like to thank everybody for joining us today, and we're looking forward to reporting on our progress for the next quarter. We start tomorrow with our July volume release. And so with that I'll terminate the call and wish you all a good day. Thank you.

Operator: Ladies and gentlemen, that does conclude today's conference. You may all disconnect, and have a wonderful day.