PARTICIPANTS

Corporate Participants

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

Other Participants

Patrick J. O'Shaughnessy – Analyst, Raymond James & Associates, Inc.
Howard H. Chen – Analyst, Credit Suisse Securities (USA) LLC (Broker)
Richard H. Repetto – Analyst, Sandler O'Neill & Partners LP
Kenneth B. Worthington – Analyst, JPMorgan Securities LLC
Chris J. Allen – Analyst, Evercore Partners (Securities)
Michael R. Carrier – Analyst, Bank of America Merrill Lynch
Chris M. Harris – Analyst, Wells Fargo Securities LLC
Niamh Alexander – Analyst, Keefe, Bruyette & Woods, Inc.
Kenneth W. Hill – Analyst, Barclays Capital, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the ICE second quarter 2013 earnings conference call and webcast. At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session, and instructions will follow at that time. [Operator Instructions] I would now like to introduce your host for this conference call, Ms. Kelly Loeffler. You may begin, ma'am.

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

Good morning. ICE's second quarter 2013 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 our company's Form 10-K and our form 10-Q has been filed this morning.

Please note that the numbers discussed today refer to our adjusted operating results, which we believe are more reflective of our business performance. You'll find a 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. The materials presented today reflect futures volume that has been restated to include previously cleared swap contract volume.

With us on the call 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, Chief Financial Officer & Senior Vice President

Thank you, Kelly. Good morning, everyone, and thank you for joining us today. I'll start by highlighting our record first half and second quarter results and then hand it over to Jeff, who will talk about our strong position to capitalize on the multitude of opportunities in front of us. We will move through our prepared remarks quickly so that we can take as many questions as possible before the market opens later this morning.

Let's start on slide 4 with an overview of our first half performance. We continued to deliver top and bottom line growth on top of growth while introducing new products and services, making prudent investments in new initiatives, and advancing our integration plans for our pending acquisition of NYSE Euronext.

Thanks to the extraordinary efforts of our global clearing and technology team, the strong contribution from our Liffe colleagues, and continued support from our customers, we seamlessly transferred clearing for Liffe including over $11 billion in margin, 75 million contract sides, and 43 clearing members. We also completed our transaction to acquire a majority stake in ICE Endex, which advances our efforts in serving European natural gas and power markets.

And we did all of this while delivering record revenues along with several volume and OI records, increasing our adjusted operating margin to 63%, growing our first half earnings by 7% and delivering industry-leading returns on invested capital. We are pleased with our progress in 2013, but we remain laser focused on the opportunities in front of us and on meeting our financial and operational objectives for 2013.

Moving to slide five, I'll provide some details of our second quarter performance. Revenues increased 6% year-to-year to a record $372 million. Average daily futures volumes increased 3% year-to-year. Our expense discipline resulted in a 1% decrease in adjusted operating expenses and enabled our adjusted operating margins to expand to 64%.

Growth in adjusted net income attributable to ICE accelerated in the second quarter, up 12% year-to-year to a record $161 million. Adjusted diluted earnings per share also grew 12% to $2.19. Operating cash flow for the quarter was a record $232 million, and technology-related capital expenditures and capitalized software were $15 million for the quarter. We also invested $11 million to build out our new combined New York office, which completely consolidates all of our teams into single locations in Atlanta, Chicago, London, and now New York.

Please turn to slide six, and I'll walk you through the components of our second quarter consolidated revenues and expenses. Transaction and clearing revenue increased 4% to a record $319 million. Energy revenue grew 2% year-to-year, driven by Brent revenue growth of 6%, which resulted in record Brent revenues of $63 million. North American natural gas revenues declined 12% over the prior second quarter on continued low volatility. Ag futures revenue grew 8% year-to-year, with record quarterly revenues, and financial revenues grew 10% year-to-year, with CDS clearing revenues rising 43% to record levels. Finally, market data revenues grew 8% to $40 million.

The right side of slide six provides detail on our operating expenses. The 1% reduction in adjusted operating expenses reflects our focus on operating a lean and efficient business model. This expense improvement drove 3 points of expansion in our adjusted operating margin to 64%, and we now expect that our full year adjusted operating expenses will grow 2% to 3% versus prior guidance of 3% to 5%. And it's worth noting that the implied growth in second half expenses is primarily a function of reductions in bonus accruals during the second half of 2012 that reflected our expectation at that time that we would come up a bit short of our financial objectives. For 2013 though, our bonus accrual reflects our current expectation that we will achieve our double-digit earnings growth objective in 2013. Our pay is directly linked to our performance.

Let's shift to slide seven, where I'll review the second quarter performance of our futures markets. Futures revenue increased 3% over the prior second quarter on a 3% increase in average daily volume. Most of our product categories grew at a healthy rate during the quarter with Brent, RBOB, heating oil, sugar, coffee, and cocoa achieving record quarterly volumes. Natural gas average daily volume declined 13% versus the prior year, reflecting, as previously noted, a muted volatility environment in the second quarter this year versus a more volatile period in the prior year. Notably, revenue capture trends were healthy across ICE's futures market. As we noted in our volume press release on Friday, overall July volumes were down slightly, but despite the quiet summer trading season, our oil volumes grew 7% year-to-year.

Please move now to slide eight, and I'll discuss our credit derivatives operations. Second quarter CDS revenues were $40 million. This includes $18 million from Creditex and $22 million from global CDS clearing. This is yet another quarter in which our CDS cleared revenues have surpassed our execution revenues. We believe this further validates our thesis that clearing is a highly valued component of the services we provide.

Through July, we have cleared $43 trillion in gross notional value. We offer clearing in roughly 400 instruments, and we have now cleared $1.8 trillion for our buyside customers, far beyond our next closest competitor. Since mandatory clearing began in March, over 400 buyside firms have signed up, with over 250 of those firms actively clearing. And as we announced last week, we expect to begin client clearing for CDS in Europe starting in October, and we continue to work with regulators to launch the clearing of Western European sovereign CDS by the end of this year.The credit derivatives execution business remains muted due to the uncertainty of how SEF rules, Dodd-Frank and Basel will impact the credit derivatives markets. However, in the U.S., SEF rules were completed in the second quarter of this year and are expected to be implemented early in the fourth quarter. And we announced yesterday that we will introduce a SEF-compliant platform for OTC derivatives markets this fall called ICE Swap Trade.

The platform, which was developed collaboratively with a number of leading credit market participants, will provide both central limit order book and RFQ functionality to meet the requirements of both regulators and the needs of the market. We believe the combination of ICE Swap Trade and the continued development of our CDS Index Futures product will invigorate our CDS execution business. As we expand the set of products we clear, continue to evolve trade execution, and work towards the third phase of mandatory clearing in September, we believe the contribution from our CDS business will only continue to grow.

I'll wrap up my remarks on slide nine with a review of our cash generation, balance sheet, and return on investment. In the first half, we generated $382 million of operating cash flow and held $1.5 billion in unrestricted cash and short-term investments at the end of the second quarter. Our balance sheet remains strong, our leverage remains low, and we generated industry-leading 18% returns on invested capital. We are well positioned to close the NYSE Euronext deal and quickly de-lever below 1.5 times, while also instituting a dividend for the first time and remaining proactive in investing in future growth opportunities.

With that, I encourage you to review the guidance we provided in the press release, and I'll be happy to take your questions during Q&A. Jeff, over to you.

Jeffrey C. Sprecher, Chairman & Chief Executive Officer

Thank you, Scott, and good morning, everyone. Scott's just taken you through the record results that we've achieved year-to-date. So, I'll focus on some key trends and on what's next for ICE. As we move towards the completion of our NYSE Euronext transaction, we're more confident that together we'll offer more opportunities to our customers and shareholders alike.

You can see on slide 10, in the 13 years since our founding, ICE has expanded and transformed many times, yet we've been consistent in our focus: building and improving market infrastructure, transparency, and capital efficiency for our customers. This has led to working in partnership to innovate in a way that identifies the next opportunity.

While we will move forward as a larger company, our focus on customers, growth, and results will not change. I know that our teams are proud of what we've achieved, but we're more excited about how our entrepreneurial culture will drive results in the future and enable us to grow as one of the world's leading exchange groups.

As you've seen throughout our history, we continue to build significant value through our selective diversification, whether across products, markets, customers, or geographies. This has positioned us well through cyclical downturns, while we've benefited from the secular trends in risk management. You may have seen stories about selective banks potentially exiting certain physical commodities businesses, but these physical commodities infrastructure resources are valuable businesses that will continue to require risk management, regardless of who owns them. Shifts in market have occurred throughout our history, and these are the moments in which we've created opportunity.

Today our markets are largely commercially oriented, and we continue to add to our customer base. As we've demonstrated from new product development to new clearinghouses to transitioning our swaps to futures and by listening to our customers' needs, we've expanded our markets.

Moving to slide 11, I'd like to take a few minutes to update you on a few areas of ICE's business. We believe that the energy business where we began continues to offer meaningful long-term opportunities. Oil volumes remain strong, despite lower volatility in Brent, and ICE Brent average daily volume reached record levels during the second quarter. So did our open interest, which is up 21% year-over-year. ICE's WTI volume increased 16% in the second quarter, and in July, our WTI contract reached its highest market share since November of 2011 as a result of the efficiency of our global energy markets.

In the second quarter, WTI volume benefited from greater price volatility than did Brent, as the U.S storage issues abated and the Brent WTI spread narrowed. Expectations for the Federal Reserve potential shift in monetary policy have also likely contributed to WTI prices increasing about 15% year-to-date. This compares with a 3% decrease in the price of Brent.

With over 110 commercial traders reporting in the weekly commitment of traders report for ICE Brent and just five commercial traders for our nearest competitor's contract, you can see why ICE retains 97% of the open interest in Brent Crude Futures and 100% of Brent Futures revenues. And despite the narrowing of Brent-WTI to its lowest level in a few years, our competitor's payment for trading program, ICE's share of global crude oil futures volume has remained well above 50%. In addition, ICE's other oil products grew average daily volume 24% year-to-year, including European and Asian oil products, which until a few years ago were uncleared.

Turning to our North American natural gas markets, volume trends have been muted due to low volatility. While first half average daily volume declined 21% compared to record volumes of last year's first half, our Henry Hub contract did set an open interest record in April after several volume and OI records in the first quarter. We continue to see solid liquidity and participation, but lower levels of volatility. Nevertheless, there have been periodic price moves this year, demonstrating how managing risk is important at all price levels.

On slide 12 I'll note a few additional areas of our ongoing focus. Following on from the strength of our crude oil futures, I want to highlight the significant growth in our RBOB gasoline and heating oil futures, which our contract launched following our successful WTI introduction. Combined with ICE's gasoil futures, we've grown from 65% market share in the global middle distillate market to 71% in the last 18 months. So, you can see that ICE's oil volumes and revenues continue to grow, driven by demand across our crude and refined oil complexes.

Last fall, we transitioned our cleared OTC markets to futures, listed at ICE Futures U.S. or ICE Futures Europe. We continue to transform our remaining global OTC energy markets with the implementation of SEF and MTF rules. Our oil products for the European and Asian markets will ultimately move to our multilateral trading facility in Europe. And in the United States we will replicate our contractual relationship with thousands of OTC participants at our new SEF, which Scott mentioned, called ICE Swap Trade. As a result, roughly 1,800 companies will have instant access to all swap markets and asset classes listed on ICE's SEF. Our North American physical OTC markets for buying and selling natural gas, electric power and natural gas liquids will remain unchanged, and will continue to be operated them by our U.S. OTC energy subsidiary.

Turning to our agricultural markets. ICE turned in record average daily volumes exceeding 300,000 contracts per day for the first time, due to increased price volatility and improvements in the European credit markets. In addition to sugar, average daily volume records were set in coffee and cocoa in the second quarter.

I also want to update you on our progress with integrating the ICE Endex business, which includes the natural gas futures and spot markets of the former APX-ENDEX exchange. Volumes were up 10% in the first half, and during the fourth quarter we'll begin including the Endex business in our monthly volume releases.

For the eighth consecutive quarter, our European emissions futures and options volumes grew year-on-year, with average daily volume up 23% in the second quarter. Carbon prices remain low, but they've been supported more recently by the advancement of a European plan for the backloading of emissions allowances. The final vote to support backloading is expected next month, and if passed, allowances would likely be withheld from auctions starting early next year. In the meantime, we expect emissions volumes to be muted, as the market awaits more clarity for this back-loading plan, just as we saw in July.

I'll now turn to our pending acquisition of NYSE Euronext on slide 13. I think you can see that based on our results today and by the strong results announced by NYSE Euronext last week, that this transaction will bring together two of the leading global exchange groups with diverse markets, strong financial performance, and global brands. We're excited about entering the financial futures markets and becoming a leader in the global capital markets with the NYSE brand. Amid a rapidly evolving regulatory landscape, this transaction enables us to respond to the needs of our global customer base across more asset classes. We're more confident than ever that this strategic, efficient transaction will create long-term value and sustainable growth.

The timeline continues to play out as expected. Based on the final approvals required from the SEC and the European financial regulators, we believe that the deal will be finalized this fall. We've already completed the U.S. and European competition approval processes, and we've received overwhelming approval from both sets of our shareholders. Our integration planning continues to give us confidence that we're well positioned to deliver on our synergy expectations of a combined $450 million.

As we stated upon the announcement of our transaction, we will establish an annual $300 million dividend following the deal closing. We'll provide more details on the dividend as our timing becomes clearer and as we formally establish the dividend policy with our final Board's approval. We'll also keep you informed as to the closing of our transaction as it approaches. We look forward to leading as one company that is focused on our customers.

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And to conclude on slide 14, we listed the objectives that we set out at the beginning of the year for you along with a summary of the progress that we've made in the first half. From the continued growth in our commodity markets to clearing interest rates for the first time in ICE's history to progressing our NYSE transaction, these are the drivers of our growth today, as well as the basis for opportunity longer term. We remain intimately engaged with market participants to ensure that we stay responsive in a way that enables our customers to perform, to comply, and to grow.

And as Scott mentioned, we remain on track to achieve our operational and financial objectives, including another record year in 2013. And we remain confident that the combination of ICE and NYSE Euronext provides a strong foundation for our future growth.

So, on behalf of everyone at ICE, I'd like to thank our customers for trusting us with their business last quarter. I also want to thank our global team that continues to drive record results.

And with that, I'll now ask Kevin, our operator, to conduct the question-and-answer session.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from Patrick O'Shaughnessy with Raymond James.

<Q – Patrick O'Shaughnessy – Raymond James & Associates, Inc.>: Hi. I guess I was hoping you could talk about the Brent versus WTI dynamics a little bit more. Certainly I think your competitors kind of played up how some of the supply issues in Cushing have been resolved, and so that's kind of helped WTI. Could you just talk about where you see the dynamics of that going over the next several quarters?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Sure. Well, we also have a WTI contract, that's an important contract to us. So, having the supply issues around Cushing, Oklahoma come back to some amount of normalcy has been helpful for those people that trade the Brent-WTI spread. But I would remind you that the reason that historically people traded the Brent-WTI spread was because the United States was an importer of foreign oil, and the Brent-WTI spread in some manner represented the transportation cost between bringing oil from the North Sea into the Gulf Coast. And as the United States has very successfully found new sources of oil and is becoming less of a net importer and potentially moving to a situation where we have excess capacity, I think the market is telling us that the Brent-WTI spread is likely to move out again, representing the fact that the United States is likely not to be a major net exporter of crude oil in the near-term.

So that being said, there's trading dynamics around that whole supply management for our customers who are largely commercial who are having to hedge global trends and then regional trends in the United States. I mentioned in our prepared remarks that we still maintain 100% of the revenues in the world for the trading of Brent Futures. And I can't ask the team to do any more than that. It's really almost near-perfect execution. And we continue to grow our market share of WTI, as we continue to push on the efficiencies of trading that complex at our exchange and also as the unintended consequences of people laying off positions, because they're being paid to trade at a competitor, actually net benefits I believe our market share.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Patrick, just to put a head on that, our OI and share of OI and our share of volumes in WTI has consistently increased each quarter for the last few quarters. And our revenues increased significantly for the first half of the year in the WTI contract.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: And then...

<Q – Patrick O'Shaughnessy – Raymond James & Associates, Inc.>: I really appreciate...

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: The knock-on effect is that, because there are -- people are being paid to trade, they also move into middle distillate markets on our competitor and then lay off some of that risk with us, and so our share of the middle distillate market seems to also be increasing.

<Q – Patrick O'Shaughnessy – Raymond James & Associates, Inc.>: All right, I appreciate that commentary. And then second from me, just on the CDS index futures, I think the uptake has been a little bit slow in those contracts. Can you talk about the traction that you're seeing with customers starting to explore and use those contracts?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Yeah. So I agree with you that I was hoping that it would take off faster than it has, but we remain committed to try to move the market to a different way of trading credit. And what our customers have told us is that they need a tool or help in how to value the product that we've launched versus what has historically traded in the

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market. So we have been building for the market a pricing tool, which we'll be rolling out soon, that we believe will help people. We also have a couple of firms that have agreed that they're going to make markets in that futures contract as that tool rolls out.

So that, coupled with, we hope, the timing of the markets uptake of, prediction of how Basel is going to impact trading, and Volcker, and Dodd-Frank and [ph] MRR (24:46), we hope all of those wins will continue to push people towards this contract and that we get the timing right. We do have a number of other futures contacts that we've made a commitment that – to roll out, but we're really want to try to keep effort focused on this new one for awhile to see if we can move the market and if these other secular trends are enough to sort of tip it that way.

<Q – Patrick O'Shaughnessy – Raymond James & Associates, Inc.>: Great. Thank you.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Thank you.

Operator: Before we move on to our next question, I just want to remind all callers to please limit yourself to one question and follow-up. Our next question comes from Howard Chen with Credit Suisse.

<Q – Howard Chen – Credit Suisse Securities (USA) LLC (Broker)>: Outside of just suppressed energy volatility and a return to more traditional seasonality this year, I was – I know we're only halfway through the year, Jeff, but when you take a step back, is there anything else that hasn't gone the way you hoped to achieve those double-digit targets you aspired to, and what's making you and the team hopeful that we reattach to that in the next six months?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Well, we have – we can't solely control volume. So, the only thing we really can control around here with any discipline is expenses, and that's what we've been trying to do is control our expenses. We are – we did report 12% bottom line growth. So, we're very pleased, particularly given that there are just fundamental changes going on in our client base, as I mentioned in prepared remarks, where assets are moving around as a result of regulatory changes. And they're moving around globally, not just in the United States. And then coupled with the fact that we had a very, very large, and continue to have, a very large U.S. natural gas business that is being substantially reengineered around the discovery of shale gas. So, there's a lot of movement right now, so our customers are trying to get their arms around that. But all of that change I think bodes well for the need for customers to manage risk and ultimately the hedging of prices is what we're providing. So we continue to remain confident in the complex that we have.

<A – Scott Hill – IntercontinentalExchange, Inc.>: You go down through it, Howard, I mean, the U.S. gas and power revenues were down the first half. Every oil product was up, sugar was up, every ag product was up, foreign exchange products were up. Every product we have [ph] outside of UK, (27:21) natural gas and power revenues were up. So, our revenues were up across the board, and on only a slight volume increase, we saw a significant profit increase, as opposed to others, who are getting a lot of credit for volume increases and no profit growth at all.

<Q – Howard Chen – Credit Suisse Securities (USA) LLC (Broker)>: Makes sense. Yeah, thanks for the expanded thoughts on that. And then my follow up, Jeff, I wanted to come back to your comments on integration planning. And just given all the moving parts of the merger, the incorporation of newer to ICE businesses like technology – their technology business, listings, cash equities, I was just hoping you could share with us maybe what you've learned incrementally? What surprised you as you go deeper into the planning process? And what aspects of that planning process do you still need to wait to have your hands like officially on the wheel to make final decisions and progress forward? Thanks.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Sure. Well, we did receive our antitrust approvals earlier this year, so – earlier this summer, so it's allowed in the last few weeks for us to become more intimately involved in exchanging information with NYSE Euronext. I should tell you that Duncan Niederauer, the NYSE Euronext's CEO, and his team have been phenomenal in working with us and helping to identify how we can integrate the businesses. We – they've just been great, and progress over the last few weeks since receiving our antitrust approvals has been significant, and so we feel very, very good, as we mentioned in the prepared remarks, about achieving the synergies that we promised. We have a real roadmap and understanding now on how we can do that and the timing of how that can lay out. And we feel very comfortable that between the two companies, we have the resources to really move on that now. And so it's been rewarding to confirm the expectations that we had going into the deal.

<Q – Howard Chen – Credit Suisse Securities (USA) LLC (Broker)>: Okay. Thanks.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Thank you.

Operator: Our next question comes from Rich Repetto with Sandler O'Neill.**<Q – Rich Repetto – Sandler O'Neill & Partners LP>:** Hi, guys.

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

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: Hey, Jeff, and I guess the first question is on the CDS buyside clearing, and Scott, you talked a little bit about it last quarter, but you, at least to us, versus us, there was some upside surprise. So, I guess the question is, are we at that $4 million to 5 million buyside clearing that you talked about being in the back half of the year? And then, what run rate are we looking at exiting June with or July with the mandate, and if you could just describe what the experience of what you went through in this on-boarding in Phase 2, I guess.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Yes, I think the $4 million to $5 million was something one of you suggested I should provide for the back half of the year. I tried to tamp that down, but in the second quarter I'll tell you that probably was closer to where we came in. I think a lot of that, though, in the second quarter did have the fact that we had the benefit, mandatory clearing for Phase 1 was March, so we only got about half a month for that, and that rolled into the second quarter. We got a number of people that signed up during the quarter, so that when mandatory clearing kicked in in Phase 2, in June, we had a pretty good wind at our back.

I think what we're seeing in the third quarter so far is a little bit of the more typical seasonality. So we've got, as I said, over 400 firms signed up, over 250 firms clearing, and so there is been a little bit of a slowdown in July, but I think that's seasonality. As I look over the course of the rest of the year, there are probably another 150 firms or so that will come in with Phase 3, which will put at 500 firms to 600 firms as you roll into September.

And so as we've talked about, you go back to when we started this, I think the first year revenues were kind in the $20 million range, and then a year later it was $40 million, and we got to $60 million and the last couple years, it kind of plateaued out in the mid-$60 millions in revenue. And if you look at where we're trending right now, we could easily be at or above $85 million this year in CDS clearing. And I think it's just, you're going to continue to see us step it up as you move through the phases, and that's still with an execution market that's flat on it back.

And so, as we grow this business from a clearing standpoint, that's really us continuing to launch new products. I talked about Western sov, which we still intend to launch. I talked about European client clearing, which we're going to launch in October. So, we're still adding new products, adding new customers and have yet to see any benefit at all from a recovery in the overall CDS market. So, we feel very good about the contribution of that business this year, in the first half, and certainly

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as we get into the back half. And I think the opportunities for us to continue to incrementally grow that business quarter after quarter are there.

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: Okay. I mean it appears like there isn't a discounting going on, on the CDS buyside like it appears say in other asset classes as they go after the buyside in say interest rates. But anyway, I want to move on to my follow-up. Jeff, you talked last quarter about the globalization of natural gas and Endex and the different benchmarks that you have, Europe, North America et cetera. But I guess the natural gas volumes, because of the lower volatility, you saw a nice March, April, but then it's come down again, and I'm just trying to see is your long term – you've never been a guy to look real short-term – but is the long-term bullishness still there? And is the natural gas market, would you equate it to somewhat like interest rates, where there's some pent-up leverage starting to be built because of the lower volumes?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Good question. What's going in our minds is that in the United States and in Europe and Canada, we have these various delivery points where people did basis trades. And the movement of natural gas right now is being completely changed, both in the United States and then more broadly globally, as liquefaction starts to come into play. So, people are trying to figure out how to hedge material price risk with that different movement. And the market doesn't really know how our prices are going to respond to natural volatility, which happens in the energy complex, with hurricanes and with heating and cooling needs.

So, I do think there is some pent-up need, because when we talk to customers they tell us that they're being cautious in where they take positions until they've seen a couple of business cycles and price movement cycles through the market. And so, I think all of that causes people to tiptoe a little bit. But as I said in my prepared remarks, what we have seen is although there are historic – relatively historically low natural gas prices in the U.S., we still do have these sort of seasonal price shocks that come in, and then all of a sudden volatility obviously goes up and volumes follow. And the market is just trying to get an education about how that's going to work going forward.

<Q – Rich Repetto – Sandler O'Neill & Partners LP>: Got it. Thanks, and congrats on the number of records you had here.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Great, thank you.

Operator: Our next question comes from Ken Worthington with JPMorgan.

<Q – Ken Worthington – JPMorgan Securities LLC>: I want to focus on clearing, maybe from a higher-level perspective. It's been an enormous growth engine for ICE over the last decade, and I think you kind of drove the evolution to cleared OTC, and then you internalized cleared futures, and now we're in cleared financial OTC. What are your thoughts about the future and importance of portfolio margining and clearing? And given your breadth of clearing, both by product and geography, are there opportunities to become more of a provider of clearing solutions, like what you're doing with New York today and maybe what CME did with CBOT way back when? And if that's completely off the reservation, what do you think are the next big clearing opportunities for ICE outside of the clearing of credit?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: It's a good question. I think we all know that with new bank regulation coming in and client clearing responsibilities now being imposed globally, that capital for trading is going to become increasingly more scarce, and as a result of that, portfolio margining increasingly more important. And then you have to balance that against the need and desire of the market to not under-margin somebody, particularly a multi-asset class company like a bank that could become systemic. So both prudent risk management and regulators are going to go slow, I suspect, on how they allow portfolio margining to make its way through the industry.

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And we've seen that ICE has really broken new ground by coming to regulatory oversight with both the CFTC and the SEC, who've agreed on a portfolio margining strategy for us. So something in the United States that's been talked about for years, maybe decades, which is the portfolio margining of a securities account against a futures account, and we're the first to really head down that path. I think it's working really well. In our credit default swap area, you can, as Scott mentioned, it attracted the buyside into our CDS clearing in the last few weeks. So, portfolio margining does work, if you will.

There are a lot of things that trade in the world, and my own sense is that as the market becomes more comfortable with clearing, the operation of clearing, and the new custodial and collateral infrastructure that's going to be built around clearing globally, that people will actually seek out clearing for new products that heretofore had not been cleared. The reason I think that is because we started this company with the notion of clearing OTC energy, and the market had no interest in that product until Enron collapsed. Then when Enron collapsed, the market was only interested in having bad credit counterparties use clearing. But as, over time, between us and our competitors, we continued to market and drive people into clearing on a voluntary basis and then broaden the offerings within these clearinghouses, and on a completely voluntary basis, we really moved an energy industry into clearing.

So, I have the same view that as regulators are now nudging financials and others into clearinghouses, that customers will on a voluntary basis now want to do more and more within a clearinghouse. So, we have positioned ourselves globally for growth in that area, and it's been the area probably of the most significant focus and investment in this company for the last few years.

<A – Scott Hill – IntercontinentalExchange, Inc.>: And the only thing I'd add, Ken, is uniquely we have positioned ourselves globally, but we've also positioned ourselves with clearinghouses operating in local jurisdictions. So, we've got a meaningful clearinghouse in Europe, a meaningful clearing operation in Canada,a meaningful clearinghouse in the U.S. for futures, and another meaningful clearinghouse that does CDS. So we've got a global presence, but we also have local operations that are able to serve customers who have different needs or that are under different regulations or laws.

<Q – Ken Worthington – JPMorgan Securities LLC>: Great. Thank you very much.

Operator: Our next question comes from Chris Allen with Evercore.

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

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

<A – Scott Hill – IntercontinentalExchange, Inc.>: Hey, Chris.

<Q – Chris Allen – Evercore Partners (Securities)>: I just wanted to follow up on the transition of the energy business out of the banks and into other players, and whether you believe that's helpful or hurtful for volumes right now, and how long do you see that transition playing out, and who are the key replacement players that are going to take over the business from the banks?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Sure. Well. First of all, I guess I read a report recently that commodity revenues at banks are down this year around 25%. If you look at what we just reported, which was a 12% EPS growth, you can see that our footprint is incredibly broad, and we are not really levered to, specifically to what's going on inside the banking community in the commodities footprint. That being said, what banks are seen to be doing right now is moving out of the physical commodities area, warehousing, tolling agreements, other things that are really at the final trade, if you will, and then concentrating their resources on the forward and futures markets to serve customers who have longer-term hedging needs.

And those, that physical infrastructure is making its way into other hands, because these are really valid businesses. So these new owners like Citi, putting [ph] CBRO (41:34) out, or rumors that JPMorgan may sell part of its warehousing business, but those assets will continue to need to be risk managed.

We've also seen that some of these new physical players are choosing to register as swap dealers. So, as new entrants get control of physical warehouses and infrastructure, they themselves may move back in time to manage risk by being swap dealers.

So overall, it's an expansion of the market. And when the market expands, it drives our data revenues, it makes having a central limit order book more important to the market, because people have a hard time finding other people. And so all of that I think plays to the strength of the model that we're operating, and in that sense it doesn't scare us.

We do play a role in the background, helping traders and risk managers relocate, we know a lot of people, and exchange is an area of commonality where people can come on a neutral basis. So we have an active dialog with individuals in the market, helping them to move around, helping money to find people and that kind of thing. And so, I think those trends, while they're on a macro basis somewhat potentially disruptive, I think longer-term they really play to our strengths.

<Q – Chris Allen – Evercore Partners (Securities)>: Got it. And I was just wondering how much did Endex contribute from a revenue perspective this quarter?

<A – Scott Hill – IntercontinentalExchange, Inc.>: I don't – Chris I don't think we broke that out, but I'd tell you it's relatively small in the scheme of things, and the profit contribution similarly was small, a few million bucks.

<Q – Chris Allen – Evercore Partners (Securities)>: Got it, thanks guys.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Thank you.

Operator: Our next question comes from Mike Carrier with Bank of America.

<Q – Mike Carrier – Bank of America Merrill Lynch>: Thanks guys. Just on the CDS business, I just wanted to get your sense, we've had Phase 1, and Phase 2 in the U.S. on track. You mentioned Europe coming on board, and then also some new products. When you size those opportunities versus the current run rate, just like what's the potential there? And then probably more importantly, you mentioned that the CDS volumes are still on their back, and we see that, but given that we've gotten some more clarity in terms of the outlook, are your sensing from the users any potential to start to see volumes pick up, or what could potentially be that catalyst?

<A – Scott Hill – IntercontinentalExchange, Inc.>: Yeah, I think those are both good questions. Let me start with the clearing one. So from a clearing standpoint, I think there are, as I said, I think there are a number of opportunities. We've got 400 clearing members signed up, over 400, another 150 we think we get in Phase 3, but only I think it was 268 was the precise number that are clearing today. So, there's an opportunity in another 300-ish customers that aren't clearing today that will clear in the future.

There is the buyside clients in Europe who haven't had an offering yet. We'll launch our buyside offering in Europe in October. Look, I think the reality is similar to the U.S. I don't know that the buyside is going to come rushing in the day it's available. I think it will depend on ultimately when EMIR makes the clearing mandatory, but that's another wave of growth that's in front of us.

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Western European sov, we've been working to launch that for it feels like three years, and we're, I think we're at the last step with the regulators there, and am hopeful we get that done this year. That's another growth contributor.

So, look, I said earlier we kind of plateaued in the mid-$60 million, we're on our way this year to the mid-$80 million. There is no reason in my view that, that business can't get north of $100 million over the next year or two. And again, that's without any pick-up in the market. Which kind of segues to the second part of your question, I do think that getting the SEF rules written down, continuing to work with customers on the CDS future product and refining that product and understanding what tool they need in getting people convinced to come in and make market, I do think that that ultimately will help that market turn around.

There is no question that there is still a market in the banks and with the buyside and an interest in trading credit. Whether or not that's in the traditional OTC product or it's in the futures product that we're launching, whether it moves to a futures exchange or on a SEF, I think is difficult to see. But I do think we're starting to see the foundation solidify for the execution market to turn. Again, whether that's third or fourth quarter or into early next year, I think is difficult to call. We're managing right now our brokerage business to basically hang in there and breakeven. We're introducing product, we're working with customers, so that it was – when it does turn, we're positioned, and in the meantime, we continue to earn money on the clearing operations. But I think the best news for us is when the execution market does turn, not only will we benefit in the execution, but it will multiply the benefits we see in the clearing.

<Q – Mike Carrier – Bank of America Merrill Lynch>: Okay, that's helpful. And Jeff, maybe just a quick one on the last question, and I know it's early, but if the banks are exiting in some of the areas [ph] of commodities, (47:14) based on the users that are likely to take over in those areas, and if their activity levels start to ramp up, based on your relationship with the banks versus those users, is there anything else that you guys provide, or could activity be stronger or weaker based on a different participant in the market doing different types of trades? Or is it, it doesn't really matter, it's still the same type of activity?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: No. I think the more markets get fragmented, the more markets look to a central limit order book. I mean we had, in most market structures around the world, in most markets, you had this concept of dealers, and then you had a concept of inter-dealer brokers, brokers like Creditex that we acquired that solely serviced a small group of dealers at the wholesale level and then protected pricing, so that the dealers could make money at the retail level.

And as that breaks down, you start to move to an all-to-all market and fragmented market and a lack of inter-dealer brokerage coverage of these new market participants, and as such, the movement to a central limit order book type market or a central marketplace maybe is the best way to say it, is enhanced. And that trend has been going on in energy. When we started the company, I reached out to the 13 largest – Chuck and I reached out to the 13 largest market makers other than Enron, and at that time, they were 85% of our volume. And today, it's small. That same group, has been overwhelmed by the growth in the market and us on-boarding increasingly more diverse commercial users.

<Q – Mike Carrier – Bank of America Merrill Lynch>: Okay. Thanks a lot.

Operator: Our next question comes from Chris Harris with Wells Fargo Securities.**<Q – Chris Harris – Wells Fargo Securities LLC>:** I know it's a smaller business for you, but just curious to get your thoughts on what you think it's going to take to get better volume outcomes in equity index? And along with that, just curious to see if you think there's any secular growth left in this asset class, or if it's more just kind of a cyclical play at this point?

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<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Well, we love all of our children here. So...

<A – Scott Hill – IntercontinentalExchange, Inc.>: Especially ones that are cash positive.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: The – one of the things that we've been talking a lot with our colleagues at NYSE Euronext is how to organize a global equity index business, combining what they have and what we have, and I think there are some really interesting opportunities for us there. So we'll have more to say about it as we unveil the exact movements of integration, but maybe not to be too coy, we do think that together, a meaningful group of equity indices on a common platform are likely to drive growth. And in some cases, the correlation is likely to drive clearing efficiencies.

<Q – Chris Harris – Wells Fargo Securities LLC>: Great. Thanks a lot.

Operator: Our next question comes from Niamh Alexander with KBW.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Fine, thanks for taking my questions. If I could go back to kind of the energy business, it's such a big part of what you do and drives the growth. You used to talk about how you were seeing some growth from Asia. And I don't know if we got any hard stops, but you were seeing a lot of growth from Asia. But we're kind of increasingly seeing some more data points about Chinese firms specifically setting up as futures commissions merchants and even buying futures commissions merchants. So can you expand on what you're seeing, what you're actually doing there, and where in the phase of growth do you think this customer group is?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Sure. Well, first of all, Asia is a complicated region. As you know, it's not one country, there are sort of multiple things going on in Asia, but generally speaking with the passage of Dodd-Frank in the United States and now EMIR in Europe, and legislation that's coming and being adopted in Singapore, where a lot of commodity commerce is done, the market can kind of see the three regulatory buckets. And we've seen a bit of balkanization, and I think it comes from the fact that the further you are from a jurisdiction, probably the less you understand about the local regulation. So we've done – ICE has done well, because we have footprints in all three of those regulatory jurisdictions and are providing different solutions to each of those.

In Asia, we see people wanting to have more identity into who their counterparties are, so not completely anonymous trading. A part of that is there an aversion by some Asian companies to be pulled into different regulatory jurisdictions without their knowledge. So, at this point, particularly because they don't fully understand Dodd-Frank, and Dodd-Frank is complicated even for those of us that live in this country, what you see is sort of regional trading staying regionally. And so we've been investing in tools and what have you for the uptake of that business in Asia regionally.

We do see interest by particularly Chinese companies in establishing footprints out of the region. And that trend has continued. We've seen talk about Chinese firms trying to acquire businesses that are non-China locations. And all of that is sort of continuing to drive interest around a Singapore hub for us.

<A – Scott Hill – IntercontinentalExchange, Inc.>: Yeah, I think that's one of the reasons, Niamh, that if you look, even with the somewhat tepid July results, our oil business, which a lot of that is driven out of – or a meaningful number is driven out of Asia, that business still grew in July, up 7% year-over-year. So I think you're seeing some of what Jeff talk about embedded in the numbers, particularly if you watch our oil numbers.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Okay, fair enough, thanks. And if I could have a quick follow-up on your post-trade businesses, I guess we don't kind of ask about them a lot, but ICE eConfirm and the trading hub and whatnot, and is there an opportunity here that we should be thinking about for maybe some outsized growth once the SEF rules get confirmed? Is there an opportunity for you to be generating revenue even if people are not using your SEF with some of these services?

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Well, that's a good question. And that's obviously strategically our thinking is that we want to, there's a lot of places that you can touch transactions along the transaction highway, and we want to be there. We love having an end-to-end solution, but where we can't, we'd like to at least be a part of a rest-stop along the highway. My colleague who runs our confirmation business just was talking to me before this earnings call about how well things are going for us, just in the confirmation space, and how excited that team is. We continue to add to that team and invest in it. We do think that – we don't exactly know how these are going to play out, nobody can really see that, but we do think providing those kinds of solutions could be interesting opportunities for us. And more importantly, we make it easy on customers to comply, and I think the market probably underestimates the role that a central exchange plays on helping to educate and make sure that our customers are in compliance. We are a self-regulated organization, we do have regulatory authority, but way before our customers cross some regulatory barrier, we are dialoging with them to make sure that they recognize the trends that their businesses have and remain in compliance. And I think that, having all those tools around that will be long-term beneficial.

<Q – Niamh Alexander – Keefe, Bruyette & Woods, Inc.>: Fair enough. Thank you.

Operator: Our next question comes from Ken Hill with Barclays.

<Q – Kenneth Hill – Barclays Capital, Inc.>: Just wanted to follow up here on the transition to ICE Clear Europe earlier in July. I'm just wondering since the transition, if you could provide any color or feedback you've heard from customers on cross-selling opportunities, and maybe more if you've kind of made any changes to your sales force to help capitalize on potential opportunities down the road with a multi-asset clearing house going forward?

<A – Scott Hill – IntercontinentalExchange, Inc.>: Yeah, so I mean clearly one of the biggest conversations that we had with our Liffe colleagues early days, both Chuck and I, was with regards to the number of products that they wanted to launch to meet the customer demand. And they were working with, at that moment, a somewhat nonresponsive clearing provider. And so now that we have gotten job one done, which was to get the clearing moved over into ICE Clear Europe, we are actively involved with Liffe in working with them on the products that they are looking to launch to serve the needs of the customers with whom they are directly in dialogue.

And I think the other important point is we do have a separate guarantee fund that we've set up with regards to the interest rate business, which goes back to one of the questions earlier that Jeff has gotten with regards to portfolio margining. In some instances, that makes a lot of sense, single names versus index, but at the same time, as a multi-product or a multi-asset class clearinghouse, there are customer communities who want to know that I'm in interest rates, and I don't want that to be cleared with CDS, and I don't want that to be cleared with energy. And so in this case for interest rates, we did set up a separate guarantee fund and are working directly with those interest rate customers to serve the needs that they have got. And I would tell you that the list of products that Liffe would like to get launched, and so therefore that we would like to get launched, is long, and it's one of the key opportunities for us in the coming months.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: And if I could just add that – we haven't talked much publicly about it, but moving a major exchange from one clearinghouse to another is an unbelievably complicated effort, and it involves hundreds of people. We can control

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obviously the people in our organization, but there were 43 clearing firms that had to move. They had – all along the way they had to be testing with us, back-testing. We had to have backup and default plans for what we would do if things went wrong and be vetting all of those. We had a lot of legal agreements and structures. So, this involves hundreds and hundreds of people, and it was amazing to watch the industry rally around this effort, support what my colleagues did, and move really flawlessly. And the next Monday like went on as business as usual. So, I really want to thank and congratulate these hundreds of people that really did this, because it was quite an accomplishment.

<Q – Kenneth Hill – Barclays Capital, Inc.>: Okay. I just had one quick follow-up here on the SEF. So, you guys are looking to roll that out later this quarter. I'm just kind of wondering how you see the kind of competition evolve in that business, like what do you think are the key factors around being successful? I think historically you guys have kind of prided yourself on your technology offering, your service offering, versus something like maybe price, where others might compete. But to that effect, I'm kind of wondering why there wasn't maybe broader support from the dealer community around the rollout, and maybe how you expect that to kind of grow going forward.

<A – Jeffrey Sprecher – IntercontinentalExchange, Inc.>: Yeah, it's a very good question. First of all, the SEF space in the United States is lining up to be incredibly competitive. I think ultimately that means that some competitors are going to have to compete on low price. And so it's hard to know what the economics of operating a SEF may be. It may be quite poor, unless you're really doing something novel and unique.

And you're right in the sense that we have a multi-prong strategy on how we intend to roll out our SEF. It was not based on price. It is based on technology and a holistic view of futures and OTC coming together in one global marketplace. And built into that, there's a lot of regulatory obligations now for traders, and recordkeeping and other things, and it's our intent to really provide solutions that can ultimately satisfy those needs, so that people don't have to work too hard to trade. We've got, in the case of what we've announced, partners that have agreed to make markets on SEF. So, we expect to launch with a lot of initial liquidity, which is always key, as you know. And so in a sense, we picked out and found people that we thought would be able to do that on a day in and day out basis, and that's how we selected partners. There are other people that had been interested in our offering that we chose not to bring in.

<Q – Kenneth Hill – Barclays Capital, Inc.>: Okay. Thanks very much. That's helpful.

Operator: This concludes the Q&A portion of today's conference. I'd like to turn the conference back over to our host for closing remarks.

Jeffrey C. Sprecher, Chairman & Chief Executive Officer

Well, I want to thank all of you for joining us here today. We'll continue to keep you informed as to the progress as we move through this next quarter, and hope you have a good day.

Operator: Ladies and gentlemen, this does conclude today's presentation. You may now disconnect, and have a wonderful day.

Note: ICE has corrected certain immaterial facts in this 2Q13 earnings transcript.

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