INTERCONTINENTALEXCHANGE INC
Form 10-K
February 06, 2013
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2012

Or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number 001-32671

INTERCONTINENTALEXCHANGE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**58-2555670**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification Number)*
2100 RiverEdge Parkway, Suite 500, Atlanta, Georgia	**30328**
(Address of principal executive offices)	*(Zip Code)*

(770) 857-4700

Registrant s telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.01 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ¨ No þ

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Annual Report on Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ

The aggregate market value of the registrant s voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the registrant s most recently completed second fiscal quarter was $9,686,450,992. As of January 31, 2013, the number of shares of the registrant s Common Stock outstanding was 72,652,467 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the registrant s Proxy Statement for the 2013 Annual Meeting of Stockholders is incorporated herein by reference in Part III of this Annual Report on Form 10-K. The Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant s fiscal year to which this report relates.

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INTERCONTINENTALEXCHANGE, INC.

ANNUAL REPORT ON FORM 10-K

For the Fiscal Year Ended December 31, 2012

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PART I

In this Annual Report on Form 10-K, unless otherwise specified or the context otherwise requires:

IntercontinentalExchange , ICE , we , us , our , our company and our business refer to IntercontinentalExchange, Inc. and its con subsidiaries. References to ICE products mean products listed on one of our markets.

ICE Futures Europe refers to our wholly-owned subsidiary that we acquired on June 18, 2001, which prior to October 25, 2005 operated as the International Petroleum Exchange of London, Ltd.

ICE Clear Europe refers to our wholly-owned European clearing subsidiary that we established and launched on November 3, 2008.

ICE Futures U.S. refers to our wholly-owned subsidiary that we acquired on January 12, 2007, which prior to our acquisition operated as the Board of Trade of the City of New York, Inc.

ICE Clear U.S. refers to ICE Futures U.S. s wholly-owned clearing subsidiary, which previously operated as the New York Clearing Corporation.

ICE Futures Canada refers to our wholly-owned subsidiary that we acquired on August 27, 2007, which prior to our acquisition operated as the Winnipeg Commodity Exchange, Inc.

ICE Clear Canada refers to ICE Futures Canada s wholly-owned clearing subsidiary, which previously operated as WCE Clearing Corporation.

Creditex refers to our wholly-owned subsidiary that we acquired on August 29, 2008.

ICE Clear Credit refers to our clearing subsidiary that we established and launched on March 9, 2009. Prior to July 16, 2011, ICE Clear Credit operated as ICE Trust.

Due to rounding, figures in tables may not sum exactly. All references to options or options contracts in the context of our futures products refer to options on futures contracts.

Forward-Looking Statements

This Annual Report on Form 10-K, including the sections entitled Business , Legal Proceedings, Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations , contains forward-looking statements that are based on our present beliefs and assumptions and on information currently available to us. You can identify forward-looking statements by terminology such as may, will, should, could, would, targets, goal, expect, intend, plan, anticipate, believe, estimate, predict, potential, continue, or other comparable terminology. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. These risks and other factors include those set forth in Item 1(A) under the caption Risk Factors and elsewhere in this Annual Report on Form 10-K and other filings with the Securities and Exchange Commission, or SEC. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We caution you not to place undue reliance on these forward-looking statements.

Forward-looking statements and other factors that may affect our performance include, but are not limited to:

our expectations regarding the business environment in which we operate and trends in our industry, including trading volumes, changing regulations and increasing competition and consolidation;

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conditions in global financial markets and domestic and international economic conditions;

volatility in commodity prices and price volatility of financial contracts such as equity indexes and foreign exchange;

2006 and $681,316 in 2005	56,860,261	47,338,440
Inventories	53,514,038	48,535,732
Other	6,959,291	6,252,132
Total current assets	165,310,693	141,589,808
Property, plant and equipment, net	67,210,558	66,645,190
Prepaid pensions	28,399,097	26,418,828
Goodwill	2,694,240	2,694,240
Other noncurrent assets	4,634,485	4,521,072
	$ 268,249,073	$ 241,869,138
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 14,299,314	$ 14,877,426
Accrued payrolls and employee benefits	9,963,882	9,169,942
Industrial Revenue Bond debt	13,311,000	13,311,000
Other	21,330,659	16,675,055
Total current liabilities	58,904,855	54,033,423
Employee benefit obligations	29,039,758	27,610,185
Deferred income taxes	18,882,710	16,542,082
Other noncurrent liabilities	3,037,359	2,382,185
Total liabilities	109,864,682	100,567,875
Commitments and contingent liabilities (Note 6)		
Shareholders' equity:		
Preference stock - no par value; authorized 3,000,000 shares; none issued	-	-
Common stock - par value $1; authorized 20,000,000 shares; issued and outstanding 9,837,497 shares in 2006 and 9,767,497 shares in 2005	9,837,497	9,767,497
Additional paid-in capital	105,428,460	104,425,502
Retained earnings	61,116,186	45,293,492
Accumulated other comprehensive loss	(17,997,752)	(18,185,228)
Total shareholders' equity	158,384,391	141,301,263
	$ 268,249,073	$ 241,869,138

See Notes to Condensed Consolidated Financial Statements.

AMPCO-PITTSBURGH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Nine Months Ended Sept.30, 2006	Nine Months Ended Sept.30, 2005	Three Months Ended Sept.30, 2006	Three Months Ended Sept.30, 2005
Net sales	$ 223,412,730	$ 177,872,725	$ 79,068,503	$ 56,631,688
Operating costs and expenses:				
Costs of products sold				
(excluding depreciation)	164,778,720	141,460,631	58,357,507	44,614,970
Selling and administrative	26,892,827	22,109,756	9,292,468	7,465,317
Depreciation	5,067,342	5,038,070	1,618,251	1,640,952
Loss (gain) on disposition				
of assets	4,120	(35,891)	(8,027)	(34,548)
Total operating expenses	196,743,009	168,572,566	69,260,199	53,686,691
Income from operations	26,669,721	9,300,159	9,808,304	2,944,997
Other income (expense):				
Interest expense	(514,964)	(389,586)	(186,291)	(142,601)
Other - net	1,505,386	275,271	95,334	283,061
	990,422	(114,315)	(90,957)	140,460
Income before income taxes	27,660,143	9,185,844	9,717,347	3,085,457
Income tax provision	8,887,000	2,427,000	3,073,000	976,000
Net income	$ 18,773,143	$ 6,758,844	$ 6,644,347	$ 2,109,457
Net income per common share:				
Basic	$ 1.91	$ 0.69	$ 0.68	$ 0.22
Diluted	$ 1.88	$ 0.69	$ 0.67	$ 0.21
Cash dividends declared				
per share	$ 0.30	$ 0.30	$ 0.10	$ 0.10
Weighted average number of				
common shares outstanding:				
Basic	9,824,789	9,757,978	9,837,497	9,760,120
Diluted	9,960,206	9,812,291	9,981,833	9,820,832

See Notes to Condensed Consolidated Financial Statements.

AMPCO-PITTSBURGH CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended Sept. 30, 2006	2005
Net cash flows provided by operating activities	$ 15,248,948	$ 2,003,802
Cash flows from investing activities:		
Purchases of property, plant and equipment	(4,962,086)	(3,205,748)
Purchases of short-term marketable securities	(50,850,000)	(29,200,000)
Proceeds from the sale of short-term marketable securities	45,100,000	25,005,000
Proceeds from the sale of assets	850	59,196
Net cash flows used in investing activities	(10,711,236)	(7,341,552)
Cash flows from financing activities:		
Proceeds from the issuance of common stock	806,950	178,278
Dividends paid	(2,943,449)	(2,927,249)
Net cash flows used in financing activities	(2,136,499)	(2,748,971)
Effect of exchange rate changes on cash and cash equivalents	245,001	203,181
Net increase (decrease) in cash and cash equivalents	2,646,214	(7,883,540)
Cash and cash equivalents at beginning of period	7,913,504	11,339,514
Cash and cash equivalents at end of period	$ 10,559,718	$ 3,455,974
Supplemental information:		
Income tax payments	$ 5,491,763	$ 1,459,837
Interest payments	$ 509,960	$ 378,452

See Notes to Condensed Consolidated Financial Statements.

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AMPCO-PITTSBURGH CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Unaudited Condensed Consolidated Financial Statements

The condensed consolidated balance sheet as of September 30, 2006, the condensed consolidated statements of operations for the nine and three months ended September 30, 2006 and 2005 and the condensed consolidated statements of cash flows for the nine months ended September 30, 2006 and 2005 have been prepared by Ampco-Pittsburgh Corporation (the Corporation) without audit. In the opinion of management, all adjustments, consisting of only normal and recurring adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented have been made**.** The results of operations for the nine and three months ended September 30, 2006 are not necessarily indicative of the operating results expected for the full year.

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted.

2. Inventories

At September 30, 2006 and December 31, 2005, approximately 58.7% and 64.4%, respectively, of the inventories were valued on the LIFO method, with the remaining inventories being valued on the FIFO method. Inventories were comprised of the following:

	(in thousands)	
	September 30, 2006	December 31, 2005
Raw materials	$ 12,640	$ 11,299
Work-in-process	25,867	25,228
Finished goods	7,899	5,710
Supplies	7,108	6,299
	$ 53,514	$ 48,536

3. Property, Plant and Equipment

Property, plant and equipment were comprised of the following:

	(in thousands) September 30, 2006	December 31, 2005
Land and land improvements	$ 4,302	$ 4,299
Buildings	25,497	25,211
Machinery and equipment	142,872	137,458
	172,671	166,968
Accumulated depreciation	(105,460)	(100,323)
	$ 67,211	$ 66,645

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4. Other Current Liabilities

Other current liabilities were comprised of the following:

	(in thousands) September 30, 2006		December 31, 2005	
Customer-related liabilities	$	7,212	$	5,338
Accrued sales commissions		3,949		2,700
Other		10,170		8,637
	$	21,331	$	16,675

Included in customer-related liabilities are costs expected to be incurred with respect to product warranties. Changes in the liability for product warranty claims consisted of:

	(in thousands) Nine Months Ended September 30,				Three Months Ended September 30,			
	2006		2005		2006		2005	
Balance at beginning of the period	$	3 786	$	4,150	$	4,290	$	3,459
Satisfaction of warranty claims		(2,101)		(2,397)		(757)		(731)
Provision for warranty claims		2,769		1,798		1,112		665
Other, primarily impact from changes in foreign currency exchange rates		224		(198)		33		(40)
Balance at end of the period	$	4,678	$	3,353	$	4,678	$	3,353

5. Pension and Other Postretirement Benefits

Contributions for the nine months ended September 30, 2006 and 2005 were as follows:

	(in thousands) 2006		2005	
U.S. pension benefits plans	$	-	$	-
Foreign pension benefits plan	$	425	$	415
Other postretirement benefits (e.g. net payments)	$	518	$	824
U.K. defined contribution plan	$	299	$	253

Net periodic pension and other postretirement costs include the following components:

	(in thousands) U.S. Pension Benefits			
	Nine Months Ended September 30,		Three Months Ended September 30,	
	2006	2005	2006	2005
Service cost	$ 1,771	$ 1,532	$ 590	$ 399
Interest cost	5,254	5,123	1,752	1,755
Expected return on plan assets	(9,372)	(7,958)	(3,124)	(2,644)
Amortization of prior service cost	463	444	154	148
Actuarial gain	(89)	(84)	(30)	(16)
Net benefit income	$ (1,973)	$ (943)	$ (658)	$ (358)

	(in thousands) Foreign Pension Benefits			
	Nine Months Ended September 30,		Three Months Ended September 30,	
	2006	2005	2006	2005
Interest cost	$ 1,666	$ 1,630	$ 573	$ 526
Expected return on plan assets	(1,620)	(1,430)	(557)	(461)
Actuarial loss	288	276	99	89
Net benefit cost	$ 334	$ 476	$ 115	$ 154

	(in thousands) Other Postretirement Benefits			
	Nine Months Ended September 30,		Three Months Ended September 30,	
	2006	2005	2006	2005
Service cost	$ 302	$ 227	$ 131	$ 76
Interest cost	611	578	214	193
Amortization of prior service benefit	(335)	(411)	(112)	(137)
Actuarial loss	207	125	101	41
Net benefit cost	$ 785	$ 519	$ 334	$ 173

6. Commitments and Contingent Liabilities

Outstanding commercial letters of credit as of September 30, 2006 approximated $20,067,000, a major portion of which serves as collateral for the Industrial Revenue Bond debt.

In connection with the sale of certain subsidiaries in 2003, the Corporation provided typical warranties to the buyer (such as those relating to income taxes, intellectual property, legal proceedings, product liabilities and title to property, plant and equipment) which primarily expire with the statutes of limitations. Losses suffered by the buyer as a result of the Corporation's breach of warranties are reimbursable by the Corporation up to approximately $2,000,000. No amount has been paid to date, and based on experience while owning the subsidiaries the Corporation expects that no amounts will become due.

During 2004, the Davy Roll operation received $1,498,000 (£800,000) of U.K. governmental grants toward the purchase and installation of certain machinery and equipment. Under the agreement, the grants are repayable if certain conditions are not met including achieving and maintaining a targeted level of employment through March 2009. At this date, Davy's level of employment exceeds the targeted level of employment; accordingly, no liability has been recorded.

See Note 10 regarding litigation and Note 11 for environmental matters.

7. Comprehensive Income (Loss)

The Corporation's comprehensive income (loss) consisted of:

	(in thousands)			
	Nine Months Ended September 30,		Three Months Ended September 30,	
	2006	2005	2006	2005
Net income	$ 18,773	$ 6,759	$ 6,644	$ 2,109
Foreign currency translation adjustments	2,705	(2,639)	391	(472)
Adjustment to minimum pension liability	(1,919)	1,862	(283)	342
Unrealized holding (losses) gains on marketable securities	(17)	(96)	80	57
Change in fair value of derivatives	(582)	2,861	20	451
Comprehensive income	$ 18,960	$ 8,747	$ 6,852	$ 2,487

8. Foreign Exchange and Futures Contracts

Certain of the Corporation's operations are subject to risk from exchange rate fluctuations in connection with sales in foreign currencies. To minimize this risk, forward foreign exchange contracts are purchased which are designated as fair value or cash flow hedges. As of September 30, 2006, approximately $73,484,000 of anticipated foreign-denominated sales has been hedged with the underlying contracts settling at various dates through March 2010. As of September 30, 2006, the fair value of contracts expected to settle within the next 12 months, which is recorded in other current liabilities, approximated $1,028,000 and the fair value of the remaining contracts, which is recorded in other noncurrent liabilities, approximated $1,150,000. The change in the fair value of the contracts designated as cash flow hedges is recorded as a component of accumulated other comprehensive income (loss) and approximated $(944,000), net of income taxes, as of September 30, 2006. The change in fair value will be reclassified into earnings when the projected sales occur with approximately $(571,000) expected to be released to pre-tax earnings within the next 12 months. During the nine months ended September 30, 2006 and 2005, approximately $(591,000) and $(692,000), respectively, were released to pre-tax earnings, and during the three months ended September 30, 2006 and 2005, approximately $(221,000) and $(135,000), respectively, were released to pre-tax earnings.

Gains (losses) on foreign exchange transactions approximated $665,000 and $(89,000) for the nine months ended September 30, 2006 and 2005,

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respectively, and $21,000 and $127,000 for the three months ended September 30, 2006 and 2005, respectively.

In addition, one of the Corporation’s subsidiaries is subject to risk from increases in the price of a commodity (copper) used in the production of inventory. To minimize this risk, futures contracts are entered into which are designated as cash flow hedges. Through May 2006, futures contracts approximating copper needs on a rolling 12-month basis were purchased. In June 2006, due to the volatility of copper prices, the increased backwardation in the market, and a shortened term for customer acceptance of a price quote, the Corporation revised its hedge strategy to a rolling three-month basis and cancelled various futures contracts resulting in a pre-tax termination gain of approximately $2,215,000, which will be amortized to pre-tax earnings when the projected sales occur (through approximately June 2007). The net unamortized gain is recorded as a component of accumulated other comprehensive income (loss) and approximated $640,000, net of income taxes, as of September 30, 2006. During the nine and three months ended September 30, 2006, approximately $618,000 was released to pre-tax earnings.

At September 30, 2006, approximately 87% or $1,548,000 of anticipated copper purchases over the next 3 months are hedged. The fair value of these contracts approximated $9,000. The change in the fair value of the contracts designated as cash flow hedges is recorded as a component of accumulated other comprehensive income (loss) and approximated $6,000, net of income taxes, as of September 30, 2006. The change in the fair value will be reclassified into earnings when the projected sales occur with approximately $9,000 expected to be released to pre-tax earnings within the next 12 months. During the nine months ended September 30, 2006 and 2005, approximately $1,490,000 and $485,000, respectively, were released to pre-tax earnings and during the three months ended September 30, 2006 and 2005, approximately $26,000 and $131,000, respectively, were released to pre-tax earnings.

9. <u>Business Segments</u>

Presented below are the net sales and income before income taxes for the Corporation's two business segments.

	(in thousands)							
	Nine Months Ended September 30,				Three Months Ended September 30,			
	2006		2005		2006		2005	
Net Sales:								
Forged and Cast Rolls	$	154,897	$	121,435	$	54,468	$	38,152
Air and Liquid Processing		68,516		56,438		24,601		18,480
Total Reportable Segments	$	223,413	$	177,873	$	79,069	$	56,632

Income before income taxes:								
Forged and Cast Rolls	$	26,088	$	10,654	$	9,681	$	3,711
Air and Liquid Processing		4,693		2,617		1,613		728
Total Reportable Segments		30,781		13,271		11,294		4,439
Other expense, including corporate costs - net		(3,121)		(4,085)		(1,577)		(1,354)
Total	$	27,660	$	9,186	$	9,717	$	3,085

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Income before income taxes for the Forged and Cast Rolls segment for the nine months ended September 30, 2005 includes $2,320,000 of proceeds from settlement of the Corporation's 2004 flood-related business interruption insurance claim (see Note 12).

Income before income taxes for the Air and Liquid Processing segment for the periods presented includes the majority of the legal and case management costs associated with personal injury claims and insurance recovery litigation related to asbestos-containing product and indemnity payments not expected to be recovered from insurance carriers (see Note 10).

10. <u>Litigation (claims not in thousands)</u>

The Corporation and its subsidiaries are involved in various claims and lawsuits incidental to their businesses. In addition, claims have been asserted alleging personal injury from exposure to asbestos-containing components historically used in some products of certain of the Corporation's subsidiaries ("Asbestos Liability"). Those subsidiaries, and in some cases the Corporation, are defendants (among a number of defendants, typically over 50 and often over 100) in cases filed in various state and federal courts. The following table reflects information about these cases for the nine months ended September 30, 2006:

Approximate open claims at end of period		15,230
Gross settlement and defense costs (in 000's)	$	8,502
Approximate claims settled or dismissed		1,863

Substantially all settlement and defense costs in the above table were paid by insurers.

Because claims are often filed and can be settled or dismissed in large groups, the amount and timing of settlements, as well as the number of open claims, can fluctuate significantly from period to period. For example, approximately 6,700 claims filed in Mississippi were dismissed in 2005 as a result of tort reform in that state.

Certain of the Corporation's subsidiaries and the Corporation have an arrangement (the "Coverage Arrangement") with insurers responsible for its historical primary and some umbrella insurance coverage for Asbestos Liability (the "Paying Insurers"). Under the Coverage Arrangement, the Paying Insurers accept financial responsibility, subject to the limits of the policies and based on fixed defense percentages and specified indemnity allocation formulas, for a substantial majority of the Asbestos Liabilities.
The Coverage Arrangement includes an acknowledgement that Howden Buffalo, Inc. ("Howden"), is entitled to coverage under policies covering Asbestos Liability arising out of the historical products manufactured or distributed by Buffalo Forge, a former subsidiary of the Corporation (the "Products"). The Coverage Arrangement does not provide for any prioritization on access to the applicable policies or monetary cap other than the limits of the policies, and, accordingly, Howden may access the policies at any time for any covered claim arising out of a Product. In general,

access by Howden to the policies covering the Products will erode the coverage under the policies available to the Corporation for Asbestos Liabilities alleged to

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arise out of not only the Products but also other historical products of the Corporation and its subsidiaries covered by the applicable policies. The Corporation is unable at present to predict the timing or impact on available coverage of Howden's rights to access historical insurance coverage of the Corporation and its subsidiaries with respect to the Products.

Based on the Corporation's claims experience to date with Asbestos Liabilities, the available insurance coverage, the identity of the subsidiaries that are named in the cases, and the identity of the Corporation's and its subsidiaries' insurers, the Corporation believes that the pending legal proceedings will not have a material adverse effect on its consolidated financial condition or liquidity. The outcome of particular lawsuits, however, could be material to the consolidated results of operations for the period in which the costs, if any, are recognized. There can be no assurance that certain of the Corporation's subsidiaries or the Corporation will not be subjected to significant additional claims in the future or that the subsidiaries' ultimate liability with respect to claims for Asbestos Liability will not present significantly greater and longer lasting financial exposure than is represented by the pending claims. The Corporation incurred uninsured legal costs in connection with advice on certain matters pertaining to these asbestos cases including insurance litigation, case management and other issues. Those costs amounted to approximately $356,000 and $53,000 for the nine and three months ended September 30, 2006, respectively, in comparison to $762,000 and $332,000 for the same periods of the prior year.

The Corporation has not accrued for settlement or defense costs for pending claims for Asbestos Liability nor for settlement or defense costs for claims that may be asserted against the subsidiaries and the Corporation in the future. The Corporation has not had sufficient information to make a reasonable estimate of pending or future claims. In order to assist the Corporation in determining whether an estimate can be made of the potential liability for pending claims for Asbestos Liability and for claims for Asbestos Liability that may be asserted against the subsidiaries and the Corporation in the future, and the amount of any estimate, the Corporation has retained a claim evaluation firm. After the evaluation firm's analysis is completed, if a reasonable estimate can be made the Corporation will accrue a liability for pending and future claims that may be asserted against the subsidiaries. Any such accrual will cover a period that will be determined after considering the claims analysis, and is likely to be material in amount. The Corporation is unable to predict when the claims analysis will be completed. At the same time that any accrual for Asbestos Liability would be made, the Corporation would accrue a receivable for related insurance proceeds expected to be collected when claims are actually paid. The Corporation has retained an insurance evaluation firm to assist it in analyzing the subsidiaries' and the Corporation's historical insurance as applied to any claims estimate. That analysis will address, among other things, the gaps in insurance coverage that could result from exhaustion of insurance subject to the Coverage Arrangement in a policy period for which there is no excess insurance, or in a policy period in which an insurer that issued excess coverage is insolvent. In the case of insurer insolvency, the subsidiaries could be required to pay amounts that would otherwise have been paid by the insolvent insurer in order to access other excess coverage. The timing of any such payments on account of insurance exhaustions would depend upon the magnitude and timing of future claims; the method in which losses

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would be allocated to various insurance policies; how settlement and defense costs would be covered by the insurance policies; and the effect of various policy terms and limits. As a result of these gaps in coverage, it is likely that any accrual for pending and future Asbestos Liability claims for the covered period would exceed the accrual for related insurance proceeds by a material amount.

11. Environmental Matters

The Corporation is currently performing certain remedial actions in connection with the sale of real estate previously owned and has been named a Potentially Responsible Party at three third-party landfill sites. In addition, as a result of the 2003 sale of certain subsidiaries, the Corporation retained the liability to remediate certain environmental contamination at two of the sold locations and has agreed to indemnify the buyer against third-party claims arising from the discharge of certain contamination from one of these locations, the cost for which was accrued at the time of sale. Environmental exposures are difficult to assess and estimate for numerous reasons including lack of reliable data, the multiplicity of possible solutions, the years of remedial and monitoring activity required, and identification of new sites. The potential liability for all environmental proceedings was increased as of September 30, 2006 by approximately $335,000 for additional environmental costs expected to be incurred relating to the remediation of real estate previously owned by a discontinued operation. In the opinion of management, the resulting potential liability for all environmental proceedings of approximately $2,300,000 at September 30, 2006 is considered adequate based on information known to date.

12. Flood Damage

In September 2004, the Carnegie, Pennsylvania plant of the Corporation’s Union Electric Steel subsidiary was damaged by flooding as a result of the remnants of Hurricane Ivan. In 2005, the Corporation received approximately $2,320,000 of proceeds from its business interruption insurance claim which were recorded as a reduction of costs of products sold (excluding depreciation) in the accompanying condensed consolidated statements of operations for the nine months ended September 30, 2005.

13. Recently Issued Accounting Pronouncements

In November 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 151, “Inventory Costs” which confirms that accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) be recognized as current period charges and that allocation of fixed production overheads to inventories be based on normal capacity of the production facilities. The provisions of SFAS No. 151 became effective for the Corporation on January 1, 2006 and did not have a significant effect on its financial condition or results of operations.

In December 2004, the FASB issued SFAS No. 123(R), “Shared-Based Payment” which requires companies to recognize compensation cost for stock options and other stock-based awards based on their fair value. Companies will no longer be permitted to follow the intrinsic value accounting method. The provisions of SFAS No. 123(R) became effective for the Corporation on January 1, 2006. The Corporation does not have any remaining options

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available for grant and granted options are fully vested; accordingly, the standard did not impact the Corporation’s financial condition or results of operations.

In May 2005, the FASB issued SFAS No. 154, “Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3” which provides guidance for the accounting and reporting of a change in accounting principle. It also applies to changes required by a newly-issued accounting pronouncement if that pronouncement does not provide such guidance. Previously, most changes in accounting principles were recognized by including the cumulative effect of changing to the new accounting principle in net income of the period of the change. SFAS No. 154 requires retrospective application to prior periods and became effective for the Corporation on

January 1, 2006. Until the Corporation makes any such changes, the standard will not impact the Corporation's financial condition or results of operations.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments", which provides relief from having to separately determine the fair value of an embedded derivative that would otherwise be required to be bifurcated from its host contract. The Corporation is currently evaluating the impact of SFAS No. 155, which becomes effective for the Corporation on January 1, 2007.

In June 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109", which provides guidance for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return as well as subsequent changes in a tax position, calculation of interest and penalties, accounting in interim periods, disclosure, and transition. The Corporation is currently evaluating the impact of Interpretation No. 48, which becomes effective for the Corporation on January 1, 2007.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measures", which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measures. It does not require any new fair value measures. SFAS No. 157 becomes effective for the Corporation on January 1, 2008 and is not expected to have a significant impact on the Corporation's financial position or results of operations.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, and 132(R)", which requires companies to recognize the overfunded or underfunded status of a defined benefit pension plan (other than a multi-employer plan) or other postretirement plan as an asset or liability, respectively, in the statement of financial position. The funded status of a plan is measured as of year end and generally represents the difference between the fair value of plan assets and the related benefit obligation, as defined by SFAS No. 158. Additionally, unamortized actuarial gains/losses and prior service costs/benefits will now be required to be recognized as a component of accumulated other comprehensive income (loss), net of income tax, instead of as component of the pension asset or liability. SFAS No. 158 does not change how net periodic pension and other postretirement benefit costs are calculated or reported. The Corporation is currently evaluating the impact of SFAS No.

158, which becomes effective for the Corporation on December 31, 2006. Based on the funded status of its defined benefit pension plans and other postretirement benefits plan as of December 31, 2005 (the most recent measurement date), adoption of SFAS No. 158 would eliminate the pension asset of $26 million, increase liabilities by approximately $3 million, and, after provision for income tax, reduce shareholders' equity by approximately $19 million. These estimates may vary from the actual impact of implementing this standard as the ultimate amounts recorded will be dependent on the December 31, 2006 actuarial valuations and the related assumptions (such as discount rates, rate of increases in compensation, mortality rates, assumed rates of return) used. Changes in these assumptions since the last measurement date would increase or decrease the impact of adopting SFAS No. 158 on the Corporation's consolidated financial statements. The majority of the impact is attributable to the Corporation's U.S. defined benefit plan. Although this plan was fully funded as of December 31, 2005, unamortized actuarial losses and prior service cost of approximately $26 million which were recorded as a component of the pension asset will now be required to be classified as a component of accumulated other comprehensive loss and presented net of income tax.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Overview

The Corporation currently operates in two business segments - the Forged and Cast Rolls segment and the Air and Liquid Processing segment. The Forged and Cast Rolls segment is benefiting from an increased level of steel and aluminum production and a worldwide shortage of forged-hardened steel rolls and, to a lesser extent, certain cast-roll products. The demand arises from the addition of new steel plants and increased steel production, particularly in China, India and other parts of Asia, along with a reduction in the number of roll suppliers.

For Union Electric Steel, the shortage of global forged-roll capacity, its current order backlog, and the broad base of its customers are expected to keep the operations at capacity for the next several years. Demand for cast rolls from Davy Roll is also expected to remain high. The outlook for the segment for the foreseeable future is good with the expectation of materially improved sales and income from operations for the full year ending December 31, 2006 as compared with 2005.

Each of the businesses within the Air and Liquid Processing segment is small and provides limited growth opportunities. The segment is focusing on returning the air handling operation to profitability and expansion of its distribution networks. Additionally, it is subject to multiple claims for personal injury alleged to result from asbestos-containing products as many as sixty years ago. The potential long-term impact is described fully in Note 10 to the condensed consolidated financial statements. The outlook for the segment for the full year ending December 31, 2006 as compared with 2005, excluding asbestos litigation-related expense, is for increased sales with a modest improvement in income from operations.

Operations for the Nine and Three Months Ended September 30, 2006 and 2005

Net Sales. Net sales for the nine months ended September 30, 2006 and 2005 were $223,413,000 and $177,873,000, respectively, and $79,069,000 and $56,632,000, respectively, for the three months then ended. A discussion of sales for the Corporation’s two segments is included below. Backlog (unfilled orders) approximated $541,606,000 and $289,246,000 at September 30, 2006 and 2005, respectively, and $312,272,000 at December 31, 2005. Although backlog has improved for both of the segments, the increase is principally attributable to the Forged and Cast Rolls segment. The September 30, 2006 backlog includes approximately $462,000,000 of orders scheduled for shipment after December 31, 2006 (with $227,000,000 of this amount scheduled for shipment after December 31, 2007).

Costs of Products Sold. Costs of products sold, excluding depreciation, were 73.8% and 79.5% of net sales for the nine months ended September 30, 2006 and 2005, respectively, and 73.8% and 78.8% of net sales for the three months ended September 30, 2006 and 2005, respectively. The improvement is due primarily to better pricing and additional volume for the Forged and Cast Rolls segment. Costs of products sold for the nine months ended September 30, 2005 includes proceeds of $2,320,000 from settlement of the Corporation’s 2004 flood-related business interruption insurance claim.

Selling and Administrative. The increase in selling and administrative expenses for the nine and three months ended September 30, 2006 in comparison to the same periods of 2005 is principally attributable to higher commission expense resulting from increases in export sales of the Forged and Cast Rolls segment.

Income from Operations. Income from operations for the nine months ended September 30, 2006 and 2005 approximated $26,670,000 and $9,300,000, respectively, and $9,808,000 and $2,945,000 for the three months then ended. A discussion of operating results for the Corporation's two segments is included below. Additionally, pension income from the Corporation's U.S. defined benefit plan is approximately $1,030,000 and $300,000 higher for the nine and three months ended September 30, 2006, respectively, against the comparable prior year periods. The increase is attributable primarily to the higher expected return on plan assets. Income from operations for the nine months ended September 30, 2005 also includes proceeds of $2,320,000 from settlement of the Corporation's 2004 flood-related business interruption insurance claim.

Forged and Cast Rolls. Sales and operating income for the nine and three months ended September 30, 2006 increased over the same periods of the prior year due primarily to greater demand for both forged and cast rolls and improved margins. Backlog approximated $498,234,000 and $256,152,000 as of September 30, 2006 and 2005, respectively, and $275,597,000 as of December 31, 2005. The increase is reflective of global demand for products of both the U.S. and U.K. operations with capacity for certain types of rolls sold out through 2008. The September 30, 2006 backlog includes approximately $444,000,000 of orders scheduled for shipment after December 31, 2006 (with $227,000,000 of this amount scheduled for shipment after December 31, 2007).

Air and Liquid Processing. Sales and operating income for the nine and three months ended September 30, 2006 increased over the same periods of the prior year due principally to higher volumes and elimination of operating losses at the air handling business. Although margins remain depressed, operating results improved as a result of higher volumes for this company. Earnings for the pumps and heat-exchange coil businesses approximated those of the prior year. Backlog approximated $43,372,000 and $33,094,000 as of September 30, 2006 and 2005, respectively, and $36,675,000 as of December 31, 2005. Approximately $18,000,000 of the September 30, 2006 backlog is scheduled for shipment after 2006.

Other Income (Expense). Other income (expense) for the nine months ended September 30, 2006 and 2005 approximated $990,000 and $(114,000), respectively. The improvement is due primarily to higher interest income and gains on foreign exchange transactions in 2006 versus losses on foreign exchange transactions in 2005. The increase is offset by an additional provision of approximately $335,000 for environmental costs estimated to be incurred relating to the remediation of real estate previously owned by a discontinued operation. Other income (expense) for the three months ended September 30, 2006 and 2005 approximated $(91,000) and $140,000, respectively. While interest income improved over the comparable prior year period, the increase was offset by the additional environmental provision.

Income Taxes. The effective tax rate approximated 32.1% and 26.4% for the nine months ended September 30, 2006 and 2005, respectively. The increase is primarily attributable to provision for income taxes on profitability of the

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U.K. operations. Although the U.K. operations were profitable in the prior year, valuation allowances previously provided against the deferred income tax assets attributable to net operating loss carryforwards were released as the year progressed, when the profits were earned, thereby offsetting any resulting income tax expense. Additionally, as a result of favorable earnings in 2005 and the expectation of income in future years sufficient to utilize a portion of the loss carryforwards, valuation allowances previously provided against deferred income tax assets attributable to net operating loss carryforwards of the U.K operation were released in the fourth quarter of 2005.

Net Income. As a result of the above, the Corporation's net income for the nine months ended September 30, 2006 and 2005 equaled $18,773,000 and $6,759,000, respectively, and $6,644,000 and $2,109,000, respectively, for the three months ended September 30, 2006 and 2005.

Liquidity and Capital Resources

Net cash flows provided by operating activities approximated $15,249,000 and $2,004,000 for the nine months ended September 30, 2006 and 2005, respectively. The improvement is attributable primarily to higher earnings. The increase in accounts receivable, inventories and other current liabilities at September 30, 2006 in comparison to December 31, 2005 relates generally to the higher volumes of business. Accounts receivable increased as a result of higher sales, inventories increased due to the larger backlogs, and other current liabilities increased because of additional customer-related liabilities including warranties and deposits received on future orders.

Net cash flows used in investing activities were $(10,711,000) and $(7,342,000) for the nine months ended September 30, 2006 and 2005, respectively. The change is attributable to higher capital expenditures and additional investments in short-term marketable securities. As of September 30, 2006, future capital expenditures totaling approximately $4,528,000 have been approved.

Net cash flows used in financing activities were $(2,136,000) and $(2,749,000) for the nine months ended September 30, 2006 and 2005, respectively. Dividends were paid at a rate of $0.30 per share for each of the nine month periods and issuance of stock under the Corporation's stock option plan provided cash of $807,000 and $178,000 for the respective nine month periods.

The change in the value of local currencies against the dollar, principally the British pound, impacted cash and cash equivalents by $245,000 and $203,000 for the nine months ended September 30, 2006 and 2005, respectively.

As a result of the above, cash and cash equivalents increased $2,646,000 in 2006 and ended the period at $10,560,000 in comparison to $7,914,000 at December 31, 2005. Additionally, the Corporation has investments in short-term marketable securities of approximately $37,417,000 at September 30, 2006 versus $31,550,000 at December 31, 2005. Funds on hand and funds generated from future operations are expected to be sufficient to finance the operational and capital expenditure requirements of the Corporation. The Corporation also maintains short-term lines of credit and an overdraft facility in excess of the cash needs of its businesses. The total available at September 30, 2006 was approximately $10,000,000 (including £3,000,000 in the U.K. and €400,000 in Belgium).

Litigation and Environmental Matters

See Notes 10 and 11 to the condensed consolidated financial statements.

Critical Accounting Pronouncements

The Corporation's critical accounting policies, as summarized in its Annual Report on Form 10-K for the year ended December 31, 2005, remain unchanged.

Recently Issued Accounting Pronouncements

See Note 13 to the condensed consolidated financial statements.

Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Corporation. Management's Discussion and Analysis of Financial Condition and Results of Operations and other sections of the Form 10-Q contain forward-looking statements that reflect the Corporation's current views with respect to future events and financial performance.

Forward-looking statements are identified by the use of the words "believe," "expect," "anticipate," "estimate," "projects," "forecasts" and other expressions that indicate future events and trends. Forward-looking statements speak only as of the date on which such statements are made, are not guarantees of future performance or expectations, and involve risks and uncertainties. For the Corporation, these risks and uncertainties include, but are not limited to, those described under Item 1A, Risk Factors, of Part II of this Form 10-Q. In addition, there may be events in the future that the Corporation is not able to accurately predict or control which may cause actual results to differ materially from expectations expressed or implied by forward-looking statements. The Corporation undertakes no obligation to update any forward-looking statement, whether as a result of new information, events or otherwise.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There were no material changes in the Corporation's exposure to market risk from December 31, 2005.

ITEM 4 - CONTROLS AND PROCEDURES

(a) Disclosure controls and procedures. An evaluation of the effectiveness of the Corporation's disclosure controls and procedures as of the end of the period covered by this report was carried out under the supervision, and with the participation, of the management, including the principal executive officer and principal financial officer. Disclosure controls and procedures are defined under Securities and Exchange Commission ("SEC") rules as controls and other procedures that are designed to ensure that information required to be disclosed by a company in reports that it files under the Exchange Act are recorded, processed, summarized and reported within the required time periods.

Based on that evaluation, the Corporation's management, including the principal executive officer and principal financial officer, have concluded that the

Corporation's disclosure controls and procedures were effective as of September 30, 2006.

(c) Changes in internal control over financial reporting. During the quarter ended September 30, 2006, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION
AMPCO-PITTSBURGH CORPORATION

Item 1 Legal Proceedings

The information contained in Note 10 to the condensed consolidated financial statements (Litigation) is incorporated herein by reference.

Item 1A Risk Factors

There are no material changes to the Risk Factors contained in Item 1A to Part I of our Annual Report on Form 10-K for the year ended December 31, 2005 and Item 1A to Part II of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.

Items 2-5 None

Item 6 Exhibits

(3) Articles of Incorporation and By-laws

(a) Articles of Incorporation

Incorporated by reference to the Quarterly Reports on Form 10-Q for the quarters ended March 31, 1983, March 31, 1984, March 31, 1985, March 31, 1987 and September 30, 1998.

(b) By-laws

Incorporated by reference to the Quarterly Reports on Form 10-Q for the quarters ended September 30, 1994, March 31, 1996, June 30, 2001 and June 30, 2004.

(4) Instruments defining the rights of securities holders

(a) Rights Agreement between Ampco-Pittsburgh Corporation and Chase Mellon Shareholder Services dated as of September 28, 1998.

Incorporated by reference to the Form 8-K Current Report dated September 28, 1998.

(31.1) Certification of the principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(31.2) Certification of the principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(32.1) Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(32.2) Certification of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMPCO-PITTSBURGH CORPORATION

DATE: November 8, 2006	BY: s/Robert A. Paul________ Robert A. Paul Chairman and Chief Executive Officer
DATE: November 8, 2006	BY: s/Marliss D. Johnson_____ Marliss D. Johnson Vice President Controller and Treasurer

AMPCO-PITTSBURGH CORPORATION

EXHIBIT INDEX

Exhibit	(31.1)	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
	(31.2)	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit	(32.1)	Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
	(32.2)	Certification of principal financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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Total transaction and clearing fees, net	1,185,195	1,176,367	1	1,176,367	1,023,454	15
Market data fees	146,789	124,956	17	124,956	109,175	14
Other	30,981	26,168	18	26,168	17,315	51

Total revenues

$1,362,965	$1,327,491	3%	$1,327,491	$1,149,944	15%

(1) In connection with the transition of the cleared OTC energy swaps contracts to futures contracts on October 15, 2012, the cleared OTC North American natural gas, cleared OTC North American power and cleared OTC Global oil and other contracts have been transitioned to futures and options contracts and the prior periods have been reclassified to conform to this presentation.

Transaction and Clearing Fees, net

We earn transaction and clearing fees from both counterparties to each contract that is traded and/or cleared, based on the volume of the commodity underlying the contract that is traded and/or cleared. The amount of our transaction and clearing fees will depend upon many factors, including but not limited to transaction and clearing volume, pricing and new product introductions.

North American natural gas futures and options and cleared OTC volumes increased 12% for the year ended December 31, 2012, from the comparable period in 2011, and increased 33% for the year ended December 31, 2011, from the comparable period in 2010. Volume in our North American natural gas markets increased due to the introduction of new products, increased natural gas options volume and increased demand for hedging and risk management as market participants became less risk averse as the global financial markets stabilized.
North American natural gas futures and options and cleared OTC revenues decreased 3% for the year ended December 31, 2012, from the comparable period in 2011, primarily due to increases in rebates relating to certain of these contracts during the past several years as discussed below, which were partially offset by increases in the trading volumes between years.

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Our benchmark ICE Brent Crude futures contract is relied upon by a broad range of market participants, including large oil producing nations and multinational companies, to price and hedge their crude oil production. Market participants are increasingly relying on the Brent North Sea contract for their risk management activities, as evidenced by steady increases in traded volumes and open interest over the past several years. During the year ended December 31, 2012, the longer term shift toward the ICE Brent Crude contract as the global light sweet crude benchmark continued and customers increasingly traded the ICE Brent Crude contract relative to the ICE WTI Crude contract, which serves as the U.S. oil benchmark. Volume in the Brent crude market also increased the last two years due to physical supplies, political unrest in the Middle East, higher economic growth outside of the United States that benefited trading in our global oil markets, and due to growth in ICE Brent Crude options volume. Based on traded volume in both our ICE Brent Crude futures contract and our ICE WTI Crude futures contract, we achieved a 56%, 51% and 47% market share of the global oil futures contracts trading for the years ended December 31, 2012, 2011 and 2010, respectively. Volume in our Gasoil contract during the year ended December 31, 2011 also increased due to its role as a key refined products benchmark in Europe and Asia, as well as increased liquidity in the related Brent market due to the size of the North Sea physical market.

North American power futures and options and cleared OTC revenues decreased 6% for the year ended December 31, 2012, from the comparable period in 2011. North American power futures and options and cleared OTC volumes increased 53% during this same period of time primarily due to growth in smaller sized power contracts, which have a lower rate per contract than the full sized North American power contracts. Of the 95.5 million North American power futures and options and cleared OTC contracts traded during the year ended December 31, 2012, 89.9 million contracts, or 94%, represented smaller sized power contracts, which have a lower rate per contract than full sized North American power contracts, compared to 88% of the volume representing smaller sized contracts during both the year ended December 31, 2011 and 2010. Volume in the larger North American power contracts decreased the last two years primarily due to lower volatility on absolute price levels that remained low, along with muted economic activity levels, which resulted in lower power production and consumption during the years ended December 31, 2012 and 2011. In addition, uncertainty related to financial reform, specifically rules relating to swaps markets, impacted both North American natural gas and power contract volumes during the years ended December 31, 2012 and 2011.

Our ICE emissions futures and options revenues increased 5% for the year ended December 31, 2012, compared to the same period in 2011, while at the same time the related volumes increased 23% for the year ended December 31, 2012, compared to the same period in 2011. The revenues increase during 2012 was lower than the volume increase primarily related to a decrease in average exchange rate of the euro to the U.S. dollar for the current year period, compared to the prior year period, and to a lesser extent, an increase in the rebates during the year ended December 31, 2012. The ICE emissions futures and options contracts are billed in euros and the average exchange rate of the euro to the U.S. dollar, and the related U.S. dollar revenues, decreased 8% for the year ended December 31, 2012, compared to the same period in 2011, and this reduced our revenues. Revenues in our ICE emission futures and options contracts increased during the year ended December 31, 2011, from the comparable period in 2010, primarily due to increases in our trading volumes and due to our recognition of 100% of the revenues from the ICE emission contracts following our acquisition of CLE in July 2010. Prior to our acquisition of CLE, we only recognized a portion of the total ICE emission futures and option revenues under our prior licensing agreement with CLE.

Effective January 1, 2012, we implemented a trading and clearing fee increase on our agricultural commodity futures and options contracts at ICE Futures U.S. as a result of increased regulatory staffing and regulatory burdens, the expansion of products developed and listed by the exchange, and significant enhancements in trading and clearing technology completed over the past five years. The rate per contract for ICE Futures U.S. agricultural commodity futures and options increased 11% to $2.59 per contract for the year ended December 31, 2012 from $2.33 per contract for the year ended December 31, 2011. The increase in the sugar futures and options contract revenues for the year ended December 31, 2012 is primarily due to this fee increase.

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Our Russell Index futures and options revenues for the year ended December 31, 2012 decreased from the comparable period in 2011 primarily due to lower equity market inflows and lower volatility in the equity markets during 2012, especially in comparison to the higher volatility in the equity markets during 2011 due to the fiscal cliff and credit downgrade that occurred in the United States and due to debt problems in Europe. Our Russell Index futures and options contracts set various monthly volume records in the second half of 2011 and the increase in U.S. equity market volatility was a key factor as the Russell Index and other major indexes experienced their highest volatility levels in the past three years. Along with the heightened volatility, there was a significant amount of institutional hedging activity in 2011 utilizing the Russell Index to adjust risk exposure in small cap issues.

The increase in other futures and options and cleared OTC contract revenues for the last two years is primarily due to increased trading volumes in our cleared OTC global oil and refined products, U.S. heating oil, RBOB gasoline, coffee, and cocoa contracts. Our cleared OTC global oil and refined products contract revenues were $46.7 million, $39.3 million and $21.1 million for the years ended December 31, 2012, 2011 and 2010, respectively, with the increases the last two years primarily due to the successful launch of new global oil and refined product contracts as demand for oil contracts rose.

CDS trade execution revenues at Creditex were $78.1 million, $99.9 million and $105.6 million for the years ended December 31, 2012, 2011 and 2010, respectively. CDS clearing revenues at ICE Clear Credit and ICE Clear Europe were $66.3 million, $67.1 million and $60.1 million for the years ended December 31, 2012, 2011 and 2010, respectively. During the years ended December 31, 2012, 2011 and 2010, ICE Clear Credit and ICE Clear Europe cleared $10.2 trillion, $11.6 trillion and $10.0 trillion, respectively, of CDS notional value. Trading volumes in the broader CDS market have declined during the last several years impacting Creditex revenue performance. Diminished CDS trading by dealer clients, reduced perceptions of credit risk and significant regulatory uncertainty and financial reform all contributed to lower revenues the last two years. Over half of Creditex s revenues are billed in euros. Therefore, the 8% decrease in the average exchange rate of the euro to the U.S. dollar during the year ended December 31, 2012, compared to the same period in 2011, further contributed to the Creditex revenue decline during the year ended December 31, 2012.

Other transaction and clearing fees primarily relates to OTC bilateral commissions, brokered energy commissions, licensed revenues and electronic trade confirmation fees, and the increase the last two years primarily relates to increased trading volume in our OTC oil bilateral markets.

Our transaction and clearing fees are presented net of rebates. We recorded rebates of $371.8 million, $296.2 million and $215.7 million for the years ended December 31, 2012, 2011 and 2010, respectively. The increase in rebates is due primarily to an increase in the number of participants in the rebate programs offered on various contracts, an increase in the number of rebate programs offered and from higher contract volume traded under these programs during the periods. We offer rebates in certain of our markets primarily to support market liquidity and trading volume by providing qualified participants in those markets a discount to the applicable rate.

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Average Daily Trading and Clearing Revenues and Futures Rate per Contact Data

The following table presents average daily trading and clearing revenues, as well as futures rate per contract (dollars in thousands, except rate per contact amounts):

	Year Ended December 31,			Year Ended December 31,		
	2012	2011	Change	2011	2010	Change
Average daily trading and clearing revenues:						
Energy futures average daily exchange and clearing revenues(1)	$ 3,149	$ 3,092	2%	$ 3,092	$ 2,541	22%
Agricultural and financial futures average daily exchange and clearing revenues(1)	772	716	8	716	677	6
Global CDS OTC average daily commission and clearing revenues	573	663	(13)	663	657	1
Bilateral OTC average daily commission revenues	181	167	8	167	155	8
Total average daily trading and clearing revenues	$ 4,675	$ 4,638	1%	$ 4,638	$ 4,030	15%
Futures rate per contract:						
Energy futures and options and cleared OTC energy rate per contract(1)	$ 1.07	$ 1.18	(10)%	$ 1.18	$ 1.21	(2)%
Agricultural commodity futures and options rate per contract	$ 2.50	$ 2.25	11%	$ 2.25	$ 2.06	9%
Financial futures and options rate per contract	$ 0.95	$ 0.92	4%	$ 0.92	$ 0.81	13%

(1) In connection with the transition of the cleared OTC energy swaps contracts to futures contracts on October 15, 2012, the cleared OTC North American natural gas, cleared OTC North American power and cleared OTC Global oil and other contracts have been transitioned to futures and options contracts and the prior periods have been reclassified to conform to this presentation.

Market Data Fees

Market data fees primarily relate to subscription fee revenues charged for user and license access from data vendors, view only market data access, direct access services, terminal access, daily indexes and end of day reports. In addition, we provide a service to independently establish market price validation curves whereby participant companies subscribe to receive consensus market valuations.

We earn user and license revenues that we receive from data vendors through the distribution of real-time and historical futures prices and other futures market data derived from trading in our futures markets. During the years ended December 31, 2012, 2011 and 2010, we recognized $63.7 million, $55.5 million and $47.4 million, respectively, in user and license revenues from data vendors. The increases in the user and license revenues for the last two years relate to increases in the number of users, the introduction of new user fees and increases in the fees charged per user.

During the years ended December 31, 2012, 2011 and 2010, we recognized $69.3 million, $56.5 million and $50.8 million, respectively, in market data access fees. We charge a market data access fee for access to our electronic platform and the increase for the year ended December 31, 2012 primarily relates to an increase in the market data fees, which became effective on January 1, 2012.

Other Revenues

Other revenues relates to various fees and services provided to customers, including connectivity fees, ICE Chat subscription fees, WhenTech subscription fees, agricultural grading fees, agricultural certification fees,

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regulatory penalties and fines, and interest income on certain clearing margin deposits. The increase in other revenues for the year ended December 31, 2011, from the comparable period in 2010, is primarily due to a reduction in the net interest paid to clearing members for their cash margin deposits at ICE Clear Europe and an increase in cotton certification fees associated with our increased cotton volume. The interest paid to clearing members is recorded as a reduction to other revenues. Effective January 1, 2011, ICE Clear Europe no longer pays clearing members basis points on certain cash margin deposits.

Trading Volumes and Open Interest Data

The following table presents trading activity in our futures and cleared OTC markets by commodity type based on the total number of contracts traded (in thousands, except for percentages):

	Year Ended December 31, 2012	Year Ended December 31, 2011	Change	Year Ended December 31, 2011	Year Ended December 31, 2010	Change
Number of contracts traded:						
North American natural gas futures and options and cleared OTC(1)	356,294	319,350	12%	319,350	240,777	33%
ICE Brent Crude futures and options	156,334	134,248	16	134,248	100,217	34
ICE Gasoil futures and options	64,182	66,202	(3)	66,202	52,583	26
North American power futures and options and cleared OTC(1)	95,490	62,510	53	62,510	62,959	(1)
ICE emission futures and options	9,312	7,570	23	7,570	6,166	23
Sugar futures and options	32,316	31,455	3	31,455	37,910	(17)
Russell Index futures and options	33,657	44,416	(24)	44,416	40,352	10
Other futures and options and cleared OTC(1)	99,192	106,342	(7)	106,342	97,384	9
Total	846,777	772,093	10%	772,093	638,348	21%
Futures and cleared OTC average daily volume	3,360	3,064	10%	3,064	2,533	21%

(1) In connection with the transition of the cleared OTC energy swaps contracts to futures contracts on October 15, 2012, the cleared OTC North American natural gas, cleared OTC North American power and cleared OTC Global oil and other contracts have been transitioned to futures and options contracts and the prior periods have been reclassified to conform to this presentation.

Open interest is the aggregate number of contracts (long or short) that clearing members hold either for their own account or on behalf of their clients. Open interest refers to the total number of contracts that are currently open in other words, contracts that have been traded but not yet liquidated by either an offsetting trade, exercise, expiration or assignment. Open interest is also a measure of the future activity remaining to be closed out in terms of the number of contracts that members and their clients continue to hold in the particular contract and by the number of contracts held for each contract month listed by the exchange. As of December 31, 2012, open interest of $1.6 trillion in notional value of CDS were held at ICE Clear Credit and ICE Clear Europe,

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compared to $1.5 trillion as of December 31, 2011 and $1.2 trillion as of December 31, 2010. The following table presents our year-end open interest for our futures and options and cleared OTC contracts (in thousands, except for percentages).

	As of December 31, 2012	As of December 31, 2011	Change	As of December 31, 2011	As of December 31, 2010	Change
Open interest in contracts:						
North American natural gas futures and options and cleared OTC(1)	27,746	27,186	2%	27,186	14,202	91%
ICE Brent Crude futures and options	2,302	1,301	77	1,301	904	44
ICE Gasoil futures and options	603	482	25	482	643	(25)
North American power futures and options and cleared OTC(1)	33,996	20,817	63	20,817	23,545	(11)
ICE emission futures and options	1,214	984	23	984	781	26
Sugar futures and options	1,262	1,263		1,263	1,735	(27)
Russell Index futures and options	370	427	(13)	427	341	25
Other futures and options and cleared OTC(1)	5,581	3,882	44	3,882	3,646	6
Total	73,074	56,342	30%	56,342	45,797	23%

(1) In connection with the transition of the cleared OTC energy swaps contracts to futures contracts on October 15, 2012, the cleared OTC North American natural gas, cleared OTC North American power and cleared OTC Global oil and other contracts have been transitioned to futures and options contracts and the prior periods have been reclassified to conform to this presentation.

Consolidated Operating Expenses

The following table presents our consolidated operating expenses (dollars in thousands):

	Year Ended December 31, 2012	Year Ended December 31, 2011	Change	Year Ended December 31, 2011	Year Ended December 31, 2010	Change
Compensation and benefits	$ 251,152	$ 250,601	%	$ 250,601	$ 236,649	6%
Technology and communication	45,764	47,875	(4)	47,875	44,506	8
Professional services	33,145	34,831	(5)	34,831	32,597	7
Rent and occupancy	19,329	19,066	1	19,066	17,024	12
Acquisition-related transaction costs	19,359	15,624	24	15,624	9,996	56
Selling, general and administrative	36,699	34,180	7	34,180	35,644	(4)
Depreciation and amortization	130,502	132,252	(1)	132,252	121,209	9
Total operating expenses	$ 535,950	$ 534,429	%	$ 534,429	$ 497,625	7%

Consolidated compensation and benefits expenses increased for the last two years primarily due to increases in our employee headcount. Headcount increased from 933 employees as of December 31, 2010 to 1,013 employees as of December 31, 2011, an increase of 9%, and increased to 1,077 employees as of December 31, 2012, an increase of 6% compared to the prior year. The employee headcount increases were primarily due to hiring for clearing, technology and compliance operations, and resulting from our acquisitions over the last several years. We incurred employee termination costs of $6.9 million and $6.0 million for the years ended December 31, 2012 and 2010, respectively, with the terminations during 2012 primarily relating to our closure of the ICE Futures U.S. open outcry trading floor and other employee terminations that occurred at Creditex, and with the terminations during 2010 primarily relating to and following our CLE acquisition in July 2010. The increase in compensation and benefits expenses due to employee headcount increases and termination expenses

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during the year ended December 31, 2012 was partially offset by a decrease in our broker bonus accruals for the year ended December 31, 2012, from the comparable period in 2011, primarily relating to the reduced Creditex financial performance for the year ended December 31, 2012 from the comparable period in 2011.

Non-cash compensation expenses recognized in our consolidated financial statements for employee stock options and restricted stock were $52.1 million, $52.9 million and $49.3 million for the years ended December 31, 2012, 2011 and 2010, respectively. The decrease in non-cash compensation expenses for the year ended December 31, 2012, from the comparable period in 2011, was primarily related to fewer performance-based restricted stock shares being issued and expensed during the year ended December 31, 2012. Our actual financial performance for the year ended December 31, 2012 was less than the financial performance target level as set by our board of directors. Therefore, we issued and expensed less restricted stock during the year ended December 31, 2012 as compared to the prior years when our actual financial performance was above the financial performance target levels for the years ended December 31, 2011 and 2010. The increase in non-cash compensation expenses for the year ended December 31, 2011, from the comparable period in 2010, is primarily related to a greater number of employees receiving non-cash awards due to the headcount increases discussed above.

We incurred consolidated acquisition-related transaction costs during the year ended December 31, 2012 primarily relating to our potential acquisitions of NYSE Euronext and APX-ENDEX, our acquisition of WhenTech, and a potential acquisition that did not occur and is no longer active. During the year ended December 31, 2011, these costs primarily related to our potential acquisition of NYSE Euronext and our Cetip investment and during the year ended December 31, 2010, these costs primarily related to our acquisition of CLE. These costs primarily consist of fees for investment banking advisors, lawyers, accountants, tax advisors and public relations firms, as well as costs associated with obtaining committed funding and other external costs directly related to the proposed or closed transactions.

Consolidated selling, general and administrative expenses increased for the year ended December 31, 2012, from the comparable period in 2011, primarily due to increases in certain expenses related to taxes other than income taxes, travel and entertaining and insurance for the year ended December 31, 2012.

We recorded amortization expenses on the intangible assets acquired as part of our acquisitions, as well as on the Russell licensing agreement intangible assets, of $69.1 million, $75.8 million and $71.0 million for the years ended December 31, 2012, 2011 and 2010, respectively. Amortization expenses decreased for the year ended December 31, 2012, from the comparable period in 2011, primarily due to certain intangible assets acquired in prior acquisitions becoming fully amortized during the year ended December 31, 2012. Amortization expenses increased for the year ended December 31, 2011, from the comparable period in 2010, primarily due to additional amortization expenses recorded on the intangible assets associated with our acquisition of CLE in July 2010. We recorded depreciation expenses on our fixed assets of $61.4 million, $56.5 million and $50.2 million for the years ended December 31, 2012, 2011 and 2010, respectively. Depreciation expenses increased for each of the past two years primarily due to additional depreciation expenses recorded on increased fixed asset additions and capitalized internally developed software. See Cash Flow Investing Activities below.

We expect our operating expenses to increase in absolute terms in future periods in connection with the growth of our business and to vary from year to year in the future periods based on the type and level of our acquisitions and other investments.

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Consolidated Non-Operating Income (Expenses)

The following tables present our consolidated non-operating income (expenses) (dollars in thousands):

	Year Ended December 31,			Year Ended December 31,		
	2012	2011	Change	2011	2010	Change
Other income (expense):						
Interest and investment income	$ 1,626	$ 2,489	(35%)	$ 2,489	$ 2,161	15%
Interest expense	(38,902)	(34,533)	13	(34,533)	(30,541)	13
Other expense, net	(47)	(1,009)	(95)	(1,009)	(14,466)	(93)
Total other expense, net	($ 37,323)	($ 33,053)	13%	($ 33,053)	($ 42,846)	(23%)
Net income attributable to noncontrolling interest	($ 10,161)	($ 12,068)	16%	($ 12,068)	($ 9,469)	27%

The increases in consolidated interest expense the last two years are primarily due to an increase in the overall amount of debt outstanding during each of the past two years. See Loan Agreements below.

We incurred foreign currency transaction losses of $3.5 million, $406,000 and $1.4 million for the years ended December 31, 2012, 2011 and 2010, respectively. Foreign currency gains and losses are recorded in other income (expense) and relate to the settlement of foreign currency assets, liabilities and payables that occur through our foreign operations that are received in non-functional currencies due to the increase or decrease in the period-end foreign currency exchange rates between periods. Also included in other income (expense) is dividend income relating to our Cetip investment, which was $4.7 million and $2.1 million for the years ended December 31, 2012 and 2011, respectively.

During the year ended December 31, 2011, we settled two outstanding legal matters by paying the separate plaintiffs a cash payment, and we sold our minority stake in an exchange located in China that was acquired as part of the assets of CLE. The two legal settlements and the divestiture, none of which were individually significant, resulted in a net loss of $1.3 million for the year ended December 31, 2011. During the year ended December 31, 2010, we incurred a $15.1 million loss on our foreign currency hedge relating to the pounds sterling cash consideration paid to acquire CLE, offset by a net gain of $1.8 million that we recognized on the CLE acquisition based upon the difference between the £7.50 (pounds sterling) per share acquisition price versus the £6.45 per share price at which we purchased our initial 4.8% stake in CLE. These gains and losses discussed above were recorded in other expense, net.

For consolidated subsidiaries in which our ownership is less than 100%, and for which we have control over the assets, liabilities and management of the entity, the outside stockholders interests are shown as noncontrolling interests. As of December 31, 2012, noncontrolling interest relates to the operating results of our CDS clearing subsidiaries in which non-ICE limited partners hold a 45.5% net profit sharing interest. The decrease in the net income attributable to noncontrolling interest for the year ended December 31, 2012, from the comparable period in 2011, is primarily related to the decrease in the CDS revenues during this same period. The increase in the net income attributable to noncontrolling interest for the year ended December 31, 2011, from the comparable period in 2010, is primarily related to the increase in the CDS revenues during this same period of time. See Consolidated Revenues above.

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Income Tax Provision

Consolidated income tax expense was $228.0 million, $238.3 million and $201.7 million for the years ended December 31, 2012, 2011 and 2010, respectively. The change in consolidated income tax expense between years is primarily due to the change in our pre-tax income and the change in our effective tax rate each year. Our effective tax rate was 29%, 31% and 33% for the years ended December 31, 2012, 2011 and 2010, respectively. The effective tax rates for the years ended December 31, 2012, 2011 and 2010 are lower than the federal statutory rate primarily due to favorable foreign income tax rate differentials, which are partially offset by state income taxes. Favorable foreign income tax rate differentials result primarily from lower tax rates in the United Kingdom. During the third quarter of 2011, the United Kingdom reduced the corporate income tax rate from 28% to 26% effective April 1, 2011 and to 25% effective April 1, 2012. During the third quarter of 2012, the United Kingdom further reduced the corporate income tax rate from 25% to 24% effective April 1, 2012 and to 23% effective April 1, 2013. The decrease in the effective tax rate during the last two years is primarily due to these foreign income tax rate reductions and the increase in income from foreign jurisdictions relative to the United States.

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Quarterly Results of Operations

We believe the following quarterly unaudited consolidated statements of income data has been prepared on substantially the same basis as our audited consolidated financial statements and includes all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of our consolidated results of operations for the quarters presented. The historical results for any quarter do not necessarily indicate the results expected for any future period. This unaudited condensed consolidated quarterly data should be read together with our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The following table sets forth quarterly consolidated statements of income data (in thousands):

	Three Months Ended,							
	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Revenues:								
Transaction and clearing fees, net:								
North American natural gas futures and options and cleared OTC contracts(1)	$ 47,007	$ 47,771	$ 55,628	$ 70,794	$ 59,612	$ 55,866	$ 54,323	$ 57,151
ICE Brent Crude futures and options contracts	49,042	55,393	58,875	50,198	46,858	48,158	46,593	48,562
ICE Gasoil futures and options contracts	23,295	24,789	24,022	25,051	25,085	25,435	22,235	26,774
North American power futures and options and cleared OTC contracts(1)	20,307	17,698	20,241	22,261	18,874	21,567	21,519	23,305
ICE emission futures and options contracts	20,424	16,476	14,059	15,722	17,252	16,928	15,049	14,251
Sugar futures and options contracts	14,085	20,448	24,472	21,495	11,793	19,255	20,423	17,689
Russell Index futures and options contracts	7,243	7,199	8,275	8,079	9,223	11,680	9,478	9,653
Other futures and options and cleared OTC contracts(1)	48,406	44,229	52,266	52,732	44,785	44,952	45,352	50,256
Credit default swaps contracts	35,625	32,934	36,099	39,825	41,311	45,543	41,072	39,077
Other	11,704	12,240	12,871	15,915	12,514	12,126	12,496	12,292
Total transaction and clearing fees, net	277,138	279,177	306,808	322,072	287,307	301,510	288,540	299,010
Market data fees	37,285	35,947	37,171	36,386	32,625	32,212	30,699	29,420
Other	8,948	8,063	7,234	6,736	7,283	7,056	5,979	5,850
Total revenues	323,371	323,187	351,213	365,194	327,215	340,778	325,218	334,280
Operating expenses:								
Compensation and benefits	56,556	61,820	64,700	68,076	62,650	64,137	62,176	61,638
Technology and communication	11,229	11,073	11,760	11,702	11,989	12,316	12,045	11,525
Professional services	7,404	7,813	8,526	9,402	9,861	8,743	8,422	7,805
Rent and occupancy	4,785	5,167	4,915	4,462	5,138	5,107	4,462	4,359
Acquisition-related transaction costs	9,365	2,285	4,246	3,463	864	5,446	5,877	3,437
Selling, general and administrative	8,119	8,114	9,542	10,924	8,716	7,885	8,517	9,062
Depreciation and amortization	33,547	32,864	32,108	31,983	33,189	33,095	32,837	33,131
Total operating expenses	131,005	129,136	135,797	140,012	132,407	136,729	134,336	130,957
Operating income	192,366	194,051	215,416	225,182	194,808	204,049	190,882	203,323
Other expense, net	8,972	9,392	8,852	10,107	10,830	7,998	7,194	7,031
Income tax expense	50,841	50,552	61,266	65,296	53,711	59,103	59,316	66,138
Net income	$ 132,553	$ 134,107	$ 145,298	$ 149,779	$ 130,267	$ 136,948	$ 124,372	$ 130,154
Net income attributable to noncontrolling interest	(3,081)	(3,025)	(2,141)	(1,914)	(3,494)	(4,317)	(3,007)	(1,250)
Net income attributable to ICE.	$ 129,472	$ 131,082	$ 143,157	$ 147,865	$ 126,773	$ 132,631	$ 121,365	$ 128,904

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(1) In connection with the transition of the cleared OTC energy swaps contracts to futures contracts on October 15, 2012, the cleared OTC North American natural gas, cleared OTC North American power and cleared OTC Global oil and other contracts have been transitioned to futures and options contracts and the prior periods have been reclassified to conform to this presentation.

Liquidity and Capital Resources

Since our inception, we have financed our operations, growth and cash needs primarily through income from operations and borrowings under our credit facilities. Our principal capital requirements have been to fund capital expenditures, working capital, strategic acquisitions and investments, stock repurchases and the continued development of our electronic trading and clearing platforms. We believe that our cash on hand and cash flows from operations will be sufficient to repay our outstanding indebtedness as it matures. In the future, in addition to the financing for the NYSE Euronext acquisition discussed below, we may need to incur additional debt or issue additional equity securities. See Future Capital Requirements below.

Under the terms of our December 2012 announcement to acquire 100% of NYSE Euronext in a stock and cash transaction, we expect to pay a maximum cash consideration of approximately $2.7 billion and issue a maximum aggregate number of shares of ICE common shares of approximately 42.4 million shares. The overall mix of the approximately $8.6 billion acquisition consideration is approximately 68% shares and 32% cash. The cash transaction consideration will be funded by cash on hand and up to $1.8 billion of borrowing under our revolving credit facility. The acquisition is expected to close during the second half of 2013, subject to regulatory approvals in Europe and the United States and approval by stockholders of both companies. Subsequent to or in connection with the closing of the acquisition of NYSE Euronext, we plan to issue new debt to refinance and restore the majority of the $1.8 billion borrowed under our revolving credit facility and to extend the term of the debt.

Consolidated cash and cash equivalents were $1.6 billion and $822.9 million as of December 31, 2012 and 2011, respectively. We had $391.3 million and $451.1 million in long-term investments as of December 31, 2012 and 2011, respectively, and $249.7 million and $217.5 million in short-term and long-term restricted cash as of December 31, 2012 and 2011, respectively. We consider all short-term, highly liquid investments with remaining maturity dates of three months or less at the time of purchase to be cash equivalents. We classify all investments with original maturity dates in excess of three months but less than one year as short-term investments and all investments that we intend to hold for more than one year as long-term investments. Cash that is not available for general use, either due to regulatory requirements or through restrictions in specific agreements, is classified as restricted cash.

As of December 31, 2012, the amount of unrestricted cash held by our non-U.S. subsidiaries was $463.5 million. While we consider our non-U.S. earnings to be indefinitely reinvested overseas, if these cash balances are needed for our operations in the United States, any repatriation by way of dividend may be subject to both U.S. federal and state income taxes, as adjusted for any non-U.S. tax credits. However, we do not have any current needs or foreseeable plans to repatriate earnings from our non-U.S. subsidiaries.

We may invest a portion of our cash in excess of short-term operating needs in investment-grade marketable debt securities, including government or government sponsored agencies and corporate debt securities. Certain of these investments, with an original maturity of greater than three months, will be classified as available-for-sale in accordance with relevant accounting standards. Available-for-sale investments are carried at their fair values with unrealized gains and losses, net of deferred income taxes, reported as a component of accumulated other comprehensive income. Realized gains and losses, and declines in value deemed to be other-than-temporary on available-for-sale investments, are recognized currently in earnings. We do not have any investments classified as held-to-maturity or trading.

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During the year ended December 31, 2012, we repurchased 416,858 shares of our common stock on the open market at a cost of $53.3 million. Since 2008, we have repurchased 6.1 million shares of our common stock on the open market at a cost of $618.9 million. As of December 31, 2012, $450.0 million remains available for further repurchases under our stock repurchase program. We expect to fund any remaining share repurchases with a combination of cash on hand, future cash flows and by borrowing under our credit facilities. The timing and extent of any future repurchases is at the discretion of our management and will depend upon market conditions, our stock price and our strategic plans at that time. We may discontinue our stock repurchases at any time.

Cash Flow

The following tables present the major components of net increases in cash and cash equivalents (in thousands):

	Year Ended December 31,		
	2012	2011	2010
Net cash provided by (used in):			
Operating activities	$ 732,954	$ 712,770	$ 533,758
Investing activities	(117,867)	(614,856)	(633,082)
Financing activities	172,363	105,111	169,520
Effect of exchange rate changes	1,796	(1,868)	(869)
Net increase in cash and cash equivalents	$ 789,246	$ 201,157	$ 69,327

Operating Activities

Net cash provided by operating activities primarily consists of net income adjusted for certain non-cash items, including depreciation and amortization and the effects of changes in working capital. Fluctuations in net cash provided by operating activities are primarily attributable to increases and decreases in our net income between periods and, to a lesser extent, due to fluctuations in working capital. The $20.2 million increase in net cash provided by operating activities for the year ended December 31, 2012, from the comparable period in 2011, is primarily due to the $40.0 million increase in our net income for the year ended December 31, 2012, from the comparable period in 2011, the timing of various tax payments for 2012 and 2011, and to fluctuations in working capital. The $179.0 million increase in net cash provided by operating activities for the year ended December 31, 2011, from the comparable period in 2010, is primarily due to the $114.0 million increase in our net income for the year ended December 31, 2011, from the comparable period in 2010, the timing of various tax payments for 2011 and 2010, and to fluctuations in working capital.

Investing Activities

Consolidated net cash used in investing activities for the years ended December 31, 2012, 2011 and 2010 primarily relates to purchases of available-for-sale investments, cash paid for acquisitions, changes in restricted cash balances, capitalized software development costs and capital expenditures. We had a net increase in investments classified as available-for-sale of $512.1 million for the year ended December 31, 2011 primarily due to the Cetip investment in July 2011. We paid cash for acquisitions, net of cash acquired, of $18.2 million, $9.8 million and $553.0 million, respectively, for the years ended December 31, 2012, 2011 and 2010, primarily relating to the WhenTech acquisition in September 2012 and the CLE acquisition in July 2010. We had net increases in restricted cash of $31.9 million, $1.5 million and $18.6 million, respectively, for the years ended December 31, 2012, 2011 and 2010 due to increases in the restricted cash balances between periods primarily related to changes in the regulatory capital at our clearing houses, including the 2012 increases related to FSA mandated changes in the calculations of regulatory capital at ICE Futures Europe and ICE Clear Europe as well as additional costs incurred at both of these companies due to growth of these businesses. We had capitalized software development expenditures of $35.4 million, $30.4 million and $26.0 million for the years ended December 31, 2012, 2011 and 2010, respectively. Capital expenditures totaled $32.4 million, $57.3 million and $21.8 million for the years ended December 31, 2012, 2011 and 2010, respectively. The capital expenditures primarily relate to hardware purchases to continue the development and expansion of our electronic platforms and clearing houses and the purchase of a corporate aircraft during the year ended December 31, 2011. We also purchased a foreign currency hedge relating to our acquisition of CLE of $15.1 million during the year ended December 31, 2010.

Financing Activities

Consolidated net cash provided by financing activities for the year ended December 31, 2012 primarily relates to $295.0 million in borrowings under the credit facilities, partially offset by $53.3 million in repurchases of common stock, $50.0 million in repayments under the credit facilities and $19.2 million in cash payments related to treasury shares received for restricted stock tax payments and stock options exercises. Consolidated net cash provided by financing activities for the year ended December 31, 2011 primarily relates to $1.3 billion in borrowings under the credit facilities, partially offset by $991.5 million in repayments under the credit facilities, $175.2 million in repurchases of common stock and $16.4 million in debt issuance costs relating to the new credit facilities. Consolidated net cash provided by financing activities for the year ended December 31, 2010 primarily relates to $620.0 million in borrowings under the credit facilities, partially offset by $349.0 million in repayments under the credit facilities and $90.4 million in repurchases of our common stock. See Loan Agreements below.

Loan Agreements

On November 9, 2011, we entered into aggregate $2.6 billion senior unsecured credit facilities, or the Credit Facilities. The Credit Facilities include an option for us to propose an increase in the aggregate amount available by $400.0 million during the term of the Credit Facilities. The Credit Facilities consist of (i) an aggregate $500.0 million five-year senior unsecured term loan facility, or the Term Loan Facility, and (ii) an aggregate $2.1 billion five-year senior unsecured multicurrency revolving credit facility, or the Revolving Facility. On November 9, 2011, $487.5 million of the Term Loan Facility was borrowed. As of December 31, 2012, we have a LIBOR-rate loan with a stated interest rate of 1.46% per annum related to the $437.5 million that remains outstanding under the Term Loan Facility. The Credit Facilities mature on November 9, 2016.

Simultaneously with entering into the Credit Facilities on November 9, 2011, we also entered into a note purchase agreement, or the Note Purchase Agreement, with various institutional investors. The Note Purchase Agreement provided for the sale of $400.0 million aggregate principal amount of our senior notes, consisting of $200.0 million of our 4.13% Senior Notes, Tranche A, due November 9, 2018, or the Series A Notes, and $200.0 million of our 4.69% Senior Notes, Tranche B, due November 9, 2021, or the Series B notes, and collectively with the Series A notes, the Senior Notes.

During December 2012, we borrowed $295.0 million under the Revolving Facility for temporary borrowing capacity to facilitate intercompany transactions, leaving $1.8 billion available for borrowing as of December 31, 2012. Of the $295.0 million that was borrowed, $113.0 million was repaid by January 31, 2013, with the remaining amount scheduled to be repaid during the first half of 2013. As the $295.0 million is repaid, the full amount of $2.1 billion will be available for borrowing under the Revolving Facility. Of the amounts available under the Revolving Facility: (i) $150.0 million of such amounts has been reserved to provide liquidity or required financial resources for the clearing operations of ICE Clear Europe, (ii) $100.0 million of such amounts has been reserved to provide liquidity or required financial resources for the clearing operations of ICE Clear Credit, (iii) $50.0 million of such amounts has been reserved to provide liquidity or required financial resources for the clearing operations of ICE Clear U.S., (iv) $3.0 million of such amounts has been reserved to provide liquidity or required financial resources for the clearing operations of ICE Clear Canada, and (v) the remainder, plus any portion of the proceeds no longer necessary to be reserved for the foregoing purposes, are available to us to use for working capital and general corporate purposes. From time to time, we may agree to provide additional liquidity to our subsidiaries to meet regulatory capital requirements, general corporate purposes or short term liquidity needs.

Each loan under the Credit Facilities, including the outstanding Term Loan Facility, will bear interest on the principal amount outstanding at either (a) LIBOR plus an applicable margin rate or (b) a base rate plus an applicable margin rate; provided, however, that all loans denominated in a foreign currency will bear interest at LIBOR plus an applicable margin rate. The base rate equals the higher of (i) Wells Fargo s prime rate, (ii) the federal funds rate plus 0.50%, or (iii) the one month LIBOR rate plus 1.00%. The applicable margin rate ranges from 1.25% to 2.25% on the LIBOR loans and from 0.25% to 1.25% for the base rate loans based on our total leverage ratio calculated on a trailing twelve-month period. As of December 31, 2012, we have a LIBOR-rate loan with a stated interest rate of 1.46% per annum, including the applicable margin rate, related to the $437.5 million that is outstanding under the Term Loan Facility. With limited exceptions, we may prepay the outstanding loans under the Credit Facilities, in whole or in part, without premium or penalty.

The entire unpaid principal amount of the Series A Notes is due on November 9, 2018. Interest on the Series A Notes is payable semi-annually at a fixed rate of 4.13%. The entire unpaid principal amount of the Series B Notes is due on November 9, 2021. Interest on the Series B Notes is payable semi-annually at a fixed rate of 4.69%. We may optionally prepay principal upon the Senior Notes, subject to paying holders certain additional amounts as set forth in the Note Purchase Agreement. In addition, the holders may require us to prepay the Senior Notes upon the occurrence of certain change in control events.

The Credit Facilities and Note Purchase Agreement contain affirmative and negative covenants, including, but not limited to, leverage and interest coverage ratios, as well as limitations or required notices or approvals for acquisitions, dispositions of assets and certain investments in subsidiaries, the incurrence of additional debt or the creation of liens and other fundamental changes to our business. The Credit Facilities and the Note Purchase Agreement also contains other customary representations, warranties and covenants. As of December 31, 2012, we were in compliance with all applicable covenants.

We have previously entered into interest rate swap contracts to reduce our exposure to interest rate volatility on certain of our previously outstanding term loans. These swaps were designated as cash flow hedges. The effective portion of unrealized gains or losses on derivatives designated as cash flow hedges were recorded in accumulated other comprehensive income. The unrealized gain or loss was recognized in earnings when the designated interest expense under the term loans was recognized in earnings. The amounts received under the variable component of the swaps fully offset the variable interest payments under the term loan facilities. With the two variable components offsetting, the net interest expense was equal to the fixed interest component. We realized $2.9 million and $4.2 million in additional interest expense as a result of the interest rate swap contracts during the years ended December 31, 2011 and 2010, respectively. We currently do not have any interest rate swap contracts outstanding on any of the outstanding debt.

Future Capital Requirements

Our future capital requirements will depend on many factors, including the rate of our trading and clearing volume growth, strategic plans and acquisitions, required technology initiatives, regulatory requirements, the timing and introduction of new products and enhancements to existing products, the geographic mix of our business, and the continuing market acceptance of our electronic platform. We currently expect to make aggregate operational capital expenditures and to incur capitalized software development costs ranging between $60.0 million and $70.0 million for the year ended December 31, 2013, which we believe will support the enhancement of our technology and the continued expansion of our businesses. In addition, we currently expect $20.0 million to $30.0 million in capital expenditures during 2013 on real estate expenditures associated with consolidating multiple existing locations in New York into a combined location.

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We are obligated to contribute an aggregate of $100.0 million to the ICE Clear Credit guaranty fund and the ICE Clear Europe CDS guaranty fund and have already contributed $50.0 million to the ICE Clear Credit guaranty fund and $10.0 million to the ICE Clear Europe CDS guaranty fund as of December 31, 2012. We are obligated to contribute an additional $40.0 million to the ICE Clear Europe CDS guaranty fund and the date for this remaining contribution has not yet been determined.

After factoring in the $303.0 million reserved for ICE Clear Europe, ICE Clear Credit, ICE Clear U.S. and ICE Clear Canada, and the $295.0 million borrowed in December 2012, as of December 31, 2012, we have $1.5 billion unrestricted and available under our Credit Facilities for general corporate purposes. Of the $295.0 million that was borrowed in December 2012, $113.0 million was repaid by January 31, 2013, with the remaining amount scheduled to be repaid during the first half of 2013. As the $295.0 million is repaid, the full amount of $2.1 billion will be available for borrowing under the Revolving Facility. The Credit Facilities and the Senior Notes are currently the only significant agreements or arrangements that we have with third parties for liquidity and capital resources. In the event of any strategic acquisitions, mergers or investments, such as the NYSE Euronext acquisition, or if we are required to raise capital for any reason or desire to return capital to our stockholders, we may incur additional debt, issue additional equity to raise the necessary funds, repurchase additional shares of our common stock or pay a dividend. However, we cannot provide assurance that such financing or transactions will be available or successful, or that the terms of such financing or transactions will be favorable to us. We believe that our cash flows from operations will be sufficient to fund our debt, working capital needs and capital expenditure requirements for the foreseeable future.

Under the terms of our December 2012 announcement to acquire 100% of NYSE Euronext in a stock and cash transaction, we may issue a maximum cash consideration of approximately $2.7 billion and a maximum aggregate number of shares of ICE common shares of approximately 42.4 million shares. The mix of the approximately $8.6 billion acquisition consideration is approximately 68% shares and 32% cash. The cash transaction consideration will be funded by cash on hand and borrowing under our Revolving Facility and is expected to close during the second half of 2013, subject to regulatory approvals in Europe and the United States and approval by stockholders of both companies. Subsequent to or in connection with the closing of the acquisition of NYSE Euronext, we plan to issue new debt to restore the majority of the $1.8 billion unrestricted amount available under our Revolving Facility and to extend the term of the debt.

Non-GAAP Financial Measures

We use non-GAAP measures internally to evaluate our performance and in making financial and operational decisions. When viewed in conjunction with our U.S. generally accepted accounting principles, or GAAP, results and the accompanying reconciliation, we believe that our presentation of these measures provides investors with greater transparency and supplemental data relating to our financial condition and results of operations. In addition, we believe the presentation of these measures is useful to investors for period-to-period comparison of results because the items described below are not reflective of our core business performance. These financial measures are not in accordance with, or an alternative to, GAAP financial measures and may be different from non-GAAP measures used by other companies. When viewed in conjunction with our GAAP results and the accompanying reconciliation, we believe these adjusted measures provide greater transparency and a more complete understanding of factors affecting our business than GAAP measures alone. We use adjusted net income attributable to ICE and adjusted earnings per share attributable to ICE common shareholders because they more clearly highlight trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures, since these measures eliminate from our results specific financial items that have less bearing on our operating performance. We strongly recommend that investors review the GAAP financial measures included in this Annual Report on Form 10-K, including our consolidated financial statements and the notes thereto.

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Adjusted net income attributable to ICE for the periods presented below is calculated by adding net income attributable to ICE, the adjustments described below, which are not reflective of our core business performance, and their related income tax effect. The tax effects of these items are calculated by applying specific legal entity and jurisdictional marginal tax rates. For the years ended December 31, 2011 and 2010, we previously included all acquisition-related transaction costs as non-GAAP adjustments. We now include acquisition-related transaction costs as part of our core business expenses, except for those that are directly related to the announcement, closing, financing or termination of a transaction. However, we are including all of the acquisition-related transaction costs relating to our current acquisition of NYSE Euronext as non-GAAP adjustments given the size of the deal. The following table reconciles net income attributable to ICE to adjusted net income attributable to ICE and calculates adjusted earnings per share attributable to ICE common shareholders for the periods presented below (in thousands, except per share amounts):

	Year Ended December 31,			Three Months Ended December 31,		
	2012	2011	2010	2012	2011	2010
Net income attributable to ICE	$ 551,576	$ 509,673	$ 398,298	$ 129,472	$ 126,773	$ 99,132
Add: Costs expensed related to the Credit Facilities		2,634			2,634	
Add: NYSE Euronext transaction costs and banker fees related to other transactions	9,174	4,250	6,000	9,174		
Add: Loss on hedge related to CLE acquisition			15,080			
Add: Severance costs relating to acquisitions			5,965			249
Less: Net gain on initial 4.8% ownership of CLE			(1,825)			
Less: Income tax benefit effect related to the items above	(3,497)	(919)	(6,224)	(3,497)	(919)	(75)
Adjusted net income attributable to ICE	$ 557,253	$ 515,638	$ 417,294	$ 135,149	$ 128,488	$ 99,306
Earnings per share attributable to ICE common shareholders:						
Basic	$ 7.59	$ 6.97	$ 5.41	$ 1.78	$ 1.75	$ 1.35
Diluted	$ 7.52	$ 6.90	$ 5.35	$ 1.76	$ 1.73	$ 1.34
Adjusted earnings per share attributable to ICE common shareholders:						
Adjusted basic	$ 7.66	$ 7.05	$ 5.67	$ 1.86	$ 1.77	$ 1.36
Adjusted diluted	$ 7.60	$ 6.98	$ 5.60	$ 1.84	$ 1.75	$ 1.34
Weighted average common shares outstanding:						
Basic	72,712	73,145	73,624	72,662	72,582	73,205
Diluted	73,366	73,895	74,476	73,449	73,414	74,177

During the year and three months ended December 31, 2012, we recognized transaction costs relating to our potential acquisition of NYSE Euronext. During the year and/or three months ended December 31, 2011, we recognized a banker fee related to our investment in Cetip and certain interest expenses related to our Credit Facilities. During the year and/or three months ended December 31, 2010, we recognized costs associated with our acquisition of CLE, including the currency hedge purchased at the time of the transaction announcement, a net gain on the sale of our CLE investment, a banker fee on the closing of the transaction and acquisition-related

employee severance costs. For additional information on these items, refer to our consolidated financial statements and related notes, which are included elsewhere in this Annual Report on Form 10-K.

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Off-Balance Sheet Arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, often referred to as structured finance or special purpose entities, which have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Contractual Obligations and Commercial Commitments

The following table presents, for the periods indicated, our contractual obligations (which we intend to fund from operations) and commercial commitments as of December 31, 2012 (in thousands):

	Payments Due by Period				
	Total	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Contractual Obligations:					
Short-term and long-term debt and interest	$ 1,300,360	$ 78,359	$ 185,434	$ 593,300	$ 443,267
Russell licensing agreement (minimum annual payments)	95,000	20,000	40,000	35,000	
Commitment to fund ICE Clear Europe CDS guaranty funds	40,000		40,000		
Operating leases	241,535	21,620	42,669	34,062	143,184
Other liabilities	9,023	4,273	3,750	1,000	
Total contractual cash obligations	$ 1,685,918	$ 124,252	$ 311,853	$ 663,362	$ 586,451

We have excluded from the contractual obligations and commercial commitments table above $31.9 billion in cash margin deposits and guaranty fund liabilities. Clearing members of ICE Clear Europe, ICE Clear U.S., ICE Clear Credit, ICE Clear Canada and TCC are required to deposit original margin and variation margin and to make deposits to a guaranty fund. The cash deposits made to these margin accounts and to the guaranty fund are recorded in the consolidated balance sheet as current assets with corresponding current liabilities to the clearing members that deposited them. See note 11 to our consolidated financial statements and related notes that are included elsewhere in this Annual Report on Form 10-K for additional information on our clearing houses and the margin deposits and guaranty funds liabilities.

We have also excluded unrecognized tax benefits, or UTBs, from the contractual obligations and commercial commitments table above. As of December 31, 2012, our cumulative UTBs were $34.5 million. Interest and penalties related to UTBs were $6.2 million as of December 31, 2012. We are under continuous examination by various tax authorities. We are unable to make a reasonable estimate of the periods of cash settlement because it is not possible to reasonably predict, the amount of tax and interest, if any, that might be assessed by a tax authority or the timing of an assessment or payment. It is also not possible to reasonably predict whether or not the applicable statutes of limitations might expire without us being examined by any particular tax authority.

New and Recently Adopted Accounting Pronouncements

Refer to note 2 to our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K for information on the new and recently adopted accounting pronouncements that are applicable to us.

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Critical Accounting Policies

We have identified the policies below as critical to our business operations and the understanding of our results of operations. The impact of, and any associated risks related to, these policies on our business operations is discussed throughout Management s Discussion and Analysis of Financial Condition and Results of Operations . For a detailed discussion on the application of these and other accounting policies, see note 2 to our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of financial statements in conformity with these accounting principles requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of our financial statements and the reported amounts of revenues and expenses during the reporting period.

We evaluate our estimates and judgments on an ongoing basis, including those related to the accounting matters described below. We base our estimates and judgments on our historical experience and other factors that we believe to be reasonable under the circumstances when we make these estimates and judgments. Based on these factors, we make estimates and judgments about, among other things, the carrying values of assets and liabilities that are not readily apparent from market prices or other independent sources and about the recognition and characterization of our revenues and expenses. The values and results based on these estimates and judgments could differ significantly under different assumptions or conditions and could change materially in the future.

We believe that the following critical accounting policies, among others, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements and could materially increase or decrease our reported results, assets and liabilities.

Goodwill and Other Identifiable Intangible Assets

We have significant intangible assets related to goodwill and other acquired intangible assets. In connection with our acquisitions, assets acquired and liabilities assumed are recorded at their estimated fair values. Goodwill represents the excess of the purchase price of our acquisitions over the fair value of identifiable net assets acquired, including other identified intangible assets. We recognize specifically identifiable intangibles when a specific right or contract is acquired. Our determination of the fair value of the intangible assets and whether or not these assets are impaired requires us to make significant judgments and requires us to use significant estimates and assumptions regarding estimated future cash flows. If we change our strategy or if market conditions shift, our judgments may change, which may result in adjustments to recorded asset balances. As of December 31, 2012, we had goodwill of $1.9 billion and net other intangible assets of $799.0 million relating to our acquisitions, our purchase of trademarks and Internet domain names from various third parties, and the Russell licensing agreement. We do not amortize goodwill or other intangible assets with indefinite useful lives. Intangible assets with finite useful lives are amortized over the lesser of their contractual or estimated useful lives.

In performing the purchase price allocation, we consider, among other factors, the intended future use of acquired assets, analyses of historical financial performance and estimates of future performance of the acquired business. At the acquisition date, a preliminary allocation of the purchase price is recorded based upon a preliminary valuation. We continue to review and validate estimates, assumptions and valuation methodologies underlying the preliminary valuation during the measurement period. Accordingly, these estimates and assumptions are subject to change, which could have a material impact on our consolidated financial statements. The measurement period ends as soon as we receive the information about facts and circumstances that existed as of the acquisition date or we learn that more information is not obtainable, which usually does not exceed one year from the date of acquisition.

Our goodwill and other indefinite-lived intangible assets are evaluated for impairment annually in our fiscal fourth quarter or more frequently if conditions exist that indicate that the value may be impaired. We test our goodwill for impairment at the reporting unit level. These impairment evaluations are performed by comparing the carrying value of the goodwill reporting unit or other indefinite-lived intangibles to its estimated fair value. We allocate goodwill to reporting units based on the reporting unit expected to benefit from the business combination. We currently have three reporting units: our futures reporting unit, our CDS reporting unit (previously known as the OTC CDS reporting unit) and our market data reporting unit. We previously had a fourth reporting unit, our OTC energy reporting unit. In the fourth quarter of 2012, in connection with the transition of the OTC clearing energy swaps contracts to futures contracts, we no longer have any meaningful OTC revenues and we therefore no longer have an OTC energy reporting unit.

Goodwill impairment testing consists of a two-step methodology. The initial step requires us to determine the fair value of each reporting unit and compare it to the carrying value, including goodwill and other intangible assets, of such reporting unit. If the fair value exceeds the carrying value, no impairment loss is recognized and the second step, which is a calculation of the impairment, is not performed. However, if the carrying value of the reporting unit exceeds its fair value, an impairment charge is recorded equal to the extent that the carrying amount of goodwill exceeds its implied fair value. For annual goodwill impairment testing, beginning with our fourth quarter 2011 impairment testing, we have the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If we conclude that this is the case, we must perform the two-step methodology described above. Otherwise, we can skip the two-step methodology and do not need to perform any further testing. For annual indefinite-lived intangible asset impairment testing, beginning with our fourth quarter 2012 impairment testing, we also have the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of the indefinite-lived intangible assets is less than its carrying amount.

Application of the impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and determination of the fair value of each reporting unit. We have historically determined the fair value of our reporting units based on various valuation techniques, including discounted cash flow analyses and a multiple of earnings approach. In assessing whether goodwill and other intangible assets are impaired, we must make estimates and assumptions regarding future cash flows, long-term growth rates of our business, operating margins, discount rates, weighted average cost of capital and other factors to determine the fair value of our assets. These estimates and assumptions require management s judgment, and changes to these estimates and assumptions, as a result of changing economic and competitive conditions, could materially affect the determination of fair value and/or impairment. The cash flows employed in the discounted cash flow analyses are based on our most recent budgets and business plans and, when applicable, various growth rates have been assumed for years beyond the current business plan period. Future events could cause us to conclude that indicators of impairment exist for goodwill or other intangible assets. Impairment may result from, among other things, deterioration in the performance of our business, adverse market conditions, adverse changes in applicable laws and regulations, competition, or the sale or disposition of a reporting unit. Any resulting impairment loss could have a material adverse impact on our financial condition and results of operations.

Our impairment analyses have not resulted in any impairment of goodwill and other identifiable intangible assets through December 31, 2012. Historically, the fair value of our futures, OTC energy and market data reporting units have significantly exceeded their carrying values. Therefore, during our fourth quarter 2012 goodwill analysis of our market data reporting unit, we exercised our option to perform a qualitative assessment to determine whether it is more likely than not that the fair value of this reporting unit was less than its carrying amount, including goodwill and other intangible assets. We concluded that it was not more likely than not that the fair value of the market data reporting unit was less than its carrying amount. As we combined our futures and OTC energy reporting units into one combined futures reporting unit during the year ended December 31, 2012 in connection with the OTC swaps to futures transaction, we decided to forgo the qualitative assessment of this reporting unit during the fourth quarter 2012 impairment testing and proceeded directly to the preparation of

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a discounted cash flow valuation to estimate the fair value of our futures reporting unit. The discounted cash flow valuation indicated a fair value of our futures reporting unit significantly exceeding its carrying value. We do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions that we use to test for impairment losses on goodwill in our futures or market data reporting units in the foreseeable future.

Among our reporting units, the fair value of our CDS reporting unit has been the closest to its carrying value in prior goodwill impairment analyses. Our CDS reporting unit includes the financial results and net assets of Creditex, ICE Clear Credit and the CDS clearing business at ICE Clear Europe. CDS trade execution revenues at Creditex have decreased the last several years. Trading volumes in the global CDS market have declined, impacting Creditex revenue performance. Diminished CDS trading by dealers and clients, along with reduced perceptions of credit risk and significant regulatory uncertainty have all contributed to lower revenues the last several years. However, the decline in CDS trading revenues was partially offset by an increase in ICE CDS clearing, the listing of additional cleared CDS products, and signing on new clearing members, along with a decrease in expenses at Creditex.

During the first step of the CDS impairment review in the fourth quarter of 2012, we performed a discounted cash flow valuation to estimate the fair value of our CDS reporting unit. The valuation of our CDS reporting unit concluded that the fair value exceeded carrying value by $128.0 million, or 18% of the carrying value in the fourth quarter of 2012. As of December 31, 2012, the CDS goodwill and other intangible assets balances were $519.7 million.

The discount rate used in the CDS discounted cash flow valuation is intended to reflect the risks inherent in the future cash flows of the CDS reporting unit and was 12% in the fourth quarter 2012 review. A 10 basis point increase in the discount rate used would not have a material impact on our fair value of the CDS reporting unit. A 10% decrease in the estimated discounted cash flows for the CDS reporting unit would result in the fair value of the reporting unit exceeding the carrying value by $45.1 million.

Given the current market conditions and continued economic and regulatory uncertainty, the fair value of our CDS reporting unit may deteriorate and could result in the need to record an impairment charge in future periods. We continue to monitor potential triggering events in our CDS reporting unit, including changes in the business and regulatory climate in which it operates, the current volatility in the capital markets, our recent operating performance and our financial projections. Any changes in these factors could result in an impairment charge.

We are also required to evaluate other finite-lived intangible assets and property and equipment for impairment by determining whether events or changes in circumstances indicate that the carrying value of these assets to be held and used may not be recoverable. If impairment indicators are present, then an estimate of undiscounted future cash flows produced by these long-lived assets is compared to the carrying value of those assets to determine if the asset is recoverable. If an asset is not recoverable, the loss is measured as the difference between fair value and carrying value of the impaired asset. Fair value of these assets is based on various valuation techniques, including discounted cash flow analyses. Our evaluation has not resulted in any impairment of other finite-lived intangible assets and property and equipment through December 31, 2012.

Income Taxes

We are subject to income taxes in the United States and other foreign jurisdictions where we operate. The determination of our provision for income taxes and related accruals, deferred tax assets and liabilities requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. We recognize a current tax liability or tax asset for the estimated taxes payable or refundable on tax returns for the current year. We recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of our assets and liabilities. We establish valuation allowances if we believe that it is more likely than not that some or all of our

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deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using current enacted tax rates in effect for the years in which those temporary differences and carryforwards are expected to reverse.

We do not recognize a tax benefit unless we conclude that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, we recognize a tax benefit measured at the largest amount of the tax benefit that, in our judgment, is greater than 50 percent likely to be realized. As discussed in note 2 to our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K, in 2012 we changed the classification to recognize accrued interest and penalties related to uncertain income tax positions as income tax expense in the consolidated statements of income.

The undistributed earnings from our non-U.S. subsidiaries are considered to be indefinitely reinvested and, accordingly, no provision for U.S. federal and state income taxes has been made in our consolidated financial statements. A distribution of these non-U.S. earnings in the form of dividends, or otherwise, could subject us to both U.S. federal and state income taxes, as adjusted for non-U.S. tax credits, and withholding taxes payable to the various non-U.S. countries. Determination of the amount of any unrecognized deferred income tax liability on these undistributed earnings is not practicable.

We operate within multiple taxing jurisdictions and are subject to audit in these jurisdictions by domestic and foreign tax authorities. These audits include questions regarding our tax filing positions, including the timing and amount of deductions taken and the allocation of income among various tax jurisdictions. We record accruals for the estimated outcomes of these audits, and the accruals may change in the future due to new developments in each matter. At any point in time, many tax years are subject to or in the process of being audited by various taxing authorities. To the extent our estimates of settlements change or the final tax outcome of these matters is different from the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. Our income tax expense includes changes in our estimated liability for exposures associated with our various tax filing positions. Determining the income tax expense for these potential assessments requires management to make assumptions that are subject to factors such as proposed assessments by tax authorities, changes in facts and circumstances, issuance of new regulations, and resolution of tax audits.

We believe the judgments and estimates discussed above are reasonable. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material.

Software Development Costs

We capitalize costs related to software developed or obtained for internal use in accordance with U.S. generally accepted accounting standards. Costs incurred during the preliminary project work stage or conceptual stage, such as determining the performance requirements, system requirements and data conversion, are expensed as incurred. Costs incurred in the application development phase, such as coding, testing for new software and upgrades that result in additional functionality, are capitalized and are amortized using the straight-line method over the useful life of the software, not to exceed three years. Costs incurred during the post-implementation/operation stage, including training costs and maintenance costs, are expensed as incurred. We capitalized internally developed software costs of $35.4 million, $30.4 million and $26.0 million during the years ended December 31, 2012, 2011 and 2010, respectively. Determining whether particular costs incurred are more properly attributable to the preliminary or conceptual stage, and thus expensed, or to the application development phase, and thus capitalized and amortized, depends on subjective judgments about the nature of the development work, and our judgments in this regard may differ from those made by other companies. General and administrative costs related to developing or obtaining such software are expensed as incurred.

We review our capitalized software development costs for impairment at each quarterly balance sheet date and whenever events or changes in circumstances indicate that the carrying amount should be assessed. Our

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judgments about impairment are based in part on subjective assessments of the usefulness of the relevant software and may differ from comparable assessments made by others. We have not recorded any software impairment charges since our formation. If an impairment indicator is identified, we analyze recoverability by estimating undiscounted net future cash flows over the remaining life of such assets. If these projected cash flows are less than the carrying amount, impairment may be recognized, resulting in a write-down of assets to their estimated fair value with a corresponding charge to earnings. We believe that our capitalized software development costs are appropriately valued in our consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

ITEM 7 (A). *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

We are exposed to market risk in the ordinary course of business. This market risk consists primarily of interest rate risk associated with our cash and cash equivalents, short-term and long-term investments, short-term and long-term restricted cash, current and long-term indebtedness and foreign currency exchange rate risk.

Interest Rate Risk

We have exposure to market risk for changes in interest rates relating to our cash and cash equivalents, long-term investments, short-term and long-term restricted cash and indebtedness. As of December 31, 2012 and 2011, our cash and cash equivalents, long-term investments and short-term and long-term restricted cash were $2.3 billion and $1.5 billion, respectively, of which $518.8 million and $607.3 million, respectively, were denominated in Brazilian reais, pounds sterling, euros or Canadian dollars. As discussed below, changes in the Cetip investment, which is held in Brazilian reais and is valued at $391.3 million as of December 31, 2012, does not impact earnings. The remaining investments are denominated in U.S. dollars. We do not use our investment portfolio for trading or other speculative purposes. A hypothetical decrease in long-term interest rates to zero basis points would decrease annual pre-tax earnings by $2.1 million, assuming no change in the amount or composition of our cash and cash equivalents, long-term investments and short-term and long-term restricted cash.

As of December 31, 2012, we had $1.1 billion in outstanding indebtedness, of which $400.0 million relates to the Senior Notes, which bear interest at fixed interest rates. Of the remaining balance outstanding as of December 31, 2012, $437.5 million relates to the Term Loan Facility and $295.0 million relates to the Revolving Facility, both of which bear interest at fluctuating rates based on LIBOR and, therefore, subjects us to interest rate risk. A hypothetical 100 basis point increase in long-term interest rates as of December 31, 2012 would decrease annual pre-tax earnings by $7.3 million, assuming no change in the volume or composition of our outstanding indebtedness and no hedging activity. As of January 31, 2013, we had repaid $113.0 million of the $295.0 million borrowed under the Revolving Facility. The interest rates on our Term Loan Facility and Revolving Facility are currently reset on a monthly basis.

Foreign Currency Exchange Rate Risk

Revenues in our businesses are primarily denominated in U.S. dollars, except with respect to a portion of the sales through ICE Futures Europe, ICE Clear Europe and Creditex and all sales through ICE Futures Canada. We may experience gains or losses from foreign currency transactions in the future given that there are net assets or net liabilities and revenues and expenses of our U.S., U.K., European and Canadian subsidiaries that are denominated in pounds sterling, euros or Canadian dollars.

Of our consolidated revenues, 11%, 12% and 10% were denominated in pounds sterling, euros or Canadian dollars for the years ended December 31, 2012, 2011 and 2010, respectively. Of our consolidated operating expenses, 21%, 20% and 16% were denominated in pounds sterling or Canadian dollars for the years ended December 31, 2012, 2011 and 2010, respectively. As the pound sterling, euro or Canadian dollar exchange rate changes, the U.S. equivalent of revenues and expenses denominated in foreign currencies changes accordingly. The pound sterling and euro exchange rates decreased relative to the U.S dollar by 1% and 8%, respectively, for the year ended December 31, 2012 as compared to the year ended December 31, 2011. These decreases in the exchange rates resulted in a $10.7 million decrease in our consolidated revenues and a $1.3 million decrease in our consolidated expenses for the year ended December 31, 2012. The pound sterling and euro exchange rates increased relative to the U.S dollar by 4% and 5%, respectively, for the year ended December 31, 2011 as compared to the year ended December 31, 2010. These increases in the exchange rates resulted in a $7.6 million increase in our consolidated revenues and a $4.1 million increase in our consolidated expenses for the year ended December 31, 2011.

We have foreign currency transaction risk related to the settlement of foreign currency denominated assets, liabilities and payables that occur through our operations, which are received in or paid in pounds sterling or euros, due to the increase or decrease in the foreign currency exchange rates between periods. Our U.K. operations in some instances function as a natural hedge because we generally hold an equal amount of monetary assets and liabilities that are denominated in pounds sterling. We had foreign currency transaction losses of $3.5 million, $406,000 and $1.4 million for the years ended December 31, 2012, 2011 and 2010, respectively, primarily attributable to the fluctuations of the pound sterling and euro relative to the U.S. dollar. A 10% adverse change in the underlying foreign currency exchange rates as of December 31, 2012 would result in a foreign currency transaction loss of $6.8 million, assuming no change in the composition of the foreign currency denominated assets, liabilities and payables and assuming no hedging activity.

We entered into foreign currency hedging transactions during the years ended December 31, 2012, 2011 and 2010 as economic hedges to hedge a portion of our foreign currency transaction exposure and may enter into additional hedging transactions in the future to help mitigate our foreign exchange risk exposure. For the portion of our foreign currency exposure hedged, we had hedge effectiveness of 76%, 77% and 80% for the years ended December 31, 2012, 2011 and 2010, respectively. In addition, we entered into a foreign currency hedge in May 2010 related to the cash consideration to be paid to acquire CLE, in order to mitigate the risk of currency fluctuations between the announcement and closing of the acquisition as the cash consideration was being held in U.S. dollars and was required to be paid in pounds sterling. The foreign currency hedge contract included an upfront $15.1 million option premium and the hedge contract expired out of the money in July 2010, resulting in a loss of $15.1 million recorded through other expense in the consolidated statement of income for the year ended December 31, 2010.

We have foreign currency translation risk equal to our net investment in certain U.K., European and Canadian subsidiaries. The revenues, expenses and financial results of these U.K, European and Canadian subsidiaries are denominated in pounds sterling, euros or Canadian dollars, which are the functional currencies of these subsidiaries. The financial statements of these subsidiaries are translated into U.S. dollars using a current rate of exchange, with gains or losses included in the cumulative translation adjustment account, a component of equity. As of December 31, 2012 and 2011, the portion of our equity attributable to accumulated other comprehensive income from foreign currency translation was $72.6 million and $44.2 million, respectively. The $28.4 million increase was primarily due to foreign currency translation adjustments relating to a portion of our goodwill and other intangible assets that are allocated to our U.K. subsidiaries, due to an increase in the pound sterling to the U.S. dollar exchange rate from December 31, 2011 to December 31, 2012.

The average exchange rate of the pound sterling to the U.S. dollar increased from 1.5416 for the year ended December 31, 2010 to 1.6036 for the year ended December 31, 2011 and then decreased to 1.5841 for the year ended December 31, 2012. The average exchange rate of the euro to the U.S. dollar increased from 1.3216 for the year ended December 31, 2010 to 1.3912 for the year ended December 31, 2011 and then decreased to 1.2853 for the year ended December 31, 2012. The period-end foreign currency exchange rate for the pound sterling to the U.S. dollar increased from 1.5248 as of December 31, 2010 to 1.5533 as of December 31, 2011 and then increased to 1.6176 as of December 31, 2012. The period-end foreign currency exchange rate for the euro to the U.S. dollar decreased from 1.3291 as of December 31, 2010 to 1.2948 as of December 31, 2011 and then

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increased to 1.3223 as of December 31, 2012. The period-end foreign currency exchange rate for the Canadian dollar to the U.S. dollar decreased from 0.9999 as of December 31, 2010 to 0.9798 as of December 31, 2011 and then increased to 1.0036 as of December 31, 2012.

Our investment in Cetip was recorded as an available-for-sale investment and was recorded in and is held in Brazilian reais. As of December 31, 2012, the fair value of the equity security investment was $391.3 million, which was classified as a long-term investment in our consolidated balance sheet. Changes in the fair value of available-for-sale securities are reflected in accumulated other comprehensive income, and include the effects of both stock price and foreign currency translation fluctuations.

Impact of Inflation

We have not been adversely affected by inflation as technological advances and competition have generally caused prices for the hardware and software that we use for our electronic platforms to remain constant or to decline. In the event of inflation, we believe that we will be able to pass on any price increases to our participants, as the prices that we charge are not governed by long-term contracts.

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ITEM 8. ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for the preparation and integrity of the consolidated financial statements appearing in our Annual Report on Form 10-K. The financial statements were prepared in conformity with generally accepted accounting principles appropriate in the circumstances and, accordingly, include certain amounts based on our best judgments and estimates. Financial information in this Annual Report on Form 10-K is consistent with that in the financial statements.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934 (Exchange Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements. Our internal control over financial reporting is supported by a program of internal audits and appropriate reviews by management, written policies and guidelines, careful selection and training of qualified personnel and a written Code of Business Conduct adopted by our Board of Directors, applicable to all Company Directors and all officers and employees of our Company and subsidiaries.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective, can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Audit Committee of our Board of Directors, comprised solely of directors who are independent in accordance with the requirements of the New York Stock Exchange listing standards, the Exchange Act and our Board of Director Governance Principles, meets with the independent auditors, management and internal auditors periodically to discuss internal control over financial reporting and auditing and financial reporting matters. The Audit Committee reviews with the independent auditors the scope and results of the audit effort. The Audit Committee also meets periodically with the independent auditors and the internal auditors without management present to ensure that the independent auditors and the internal auditors have free access to the Audit Committee. Our Audit Committee s Report will be included in our 2013 Proxy Statement.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2012. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control Integrated Framework. Based on our assessment, management believes that we maintained effective internal control over financial reporting as of December 31, 2012.

Our independent auditors, Ernst & Young LLP, a registered public accounting firm, are appointed by the Audit Committee, subject to ratification by our shareholders. Ernst & Young LLP has audited and reported on our consolidated financial statements and the effectiveness of our internal control over financial reporting. The reports of our registered public accounting firm are contained in this Annual Report.

/s/ Jeffrey C. Sprecher
Jeffrey C. Sprecher
Chairman of the Board and
Chief Executive Officer

February 6, 2013

/s/ Scott A. Hill
Scott A. Hill
Senior Vice President,
Chief Financial Officer

February 6, 2013

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Board of Directors and Shareholders

IntercontinentalExchange, Inc.

We have audited IntercontinentalExchange, Inc. and Subsidiaries internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). IntercontinentalExchange, Inc. and Subsidiaries management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control over Financial Reporting . Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, IntercontinentalExchange, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of IntercontinentalExchange, Inc. and Subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2012 of IntercontinentalExchange, Inc. and Subsidiaries, and our report dated February 6, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia

February 6, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON

FINANCIAL STATEMENTS

Board of Directors and Shareholders

IntercontinentalExchange, Inc.

We have audited the accompanying consolidated balance sheets of IntercontinentalExchange, Inc. and Subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of IntercontinentalExchange, Inc. and Subsidiaries at December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), IntercontinentalExchange, Inc. s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 6, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Atlanta, Georgia

February 6, 2013

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IntercontinentalExchange, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except per share amounts)

	December 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,612,195	$ 822,949
Short-term restricted cash	86,823	52,982
Customer accounts receivable, net of allowance for doubtful accounts of $1,104 and $2,557 at December 31, 2012 and 2011, respectively	127,260	136,331
Margin deposits and guaranty funds	31,882,493	31,555,831
Prepaid expenses and other current assets	41,316	37,298
Total current assets	33,750,087	32,605,391
Property and equipment, net	143,392	130,962
Other noncurrent assets:		
Goodwill	1,937,977	1,902,984
Other intangible assets, net	798,960	854,374
Long-term restricted cash	162,867	164,496
Long-term investments	391,345	451,136
Other noncurrent assets	30,214	38,521
Total other noncurrent assets	3,321,363	3,411,511
Total assets	$ 37,214,842	$ 36,147,864
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 70,206	$ 65,964
Accrued salaries and benefits	55,008	58,248
Current portion of licensing agreement	19,249	19,249
Current portion of long-term debt	163,000	50,000
Income taxes payable	29,284	22,614
Margin deposits and guaranty funds	31,882,493	31,555,831
Other current liabilities	26,457	28,408
Total current liabilities	32,245,697	31,800,314
Noncurrent liabilities:		
Noncurrent deferred tax liability, net	216,141	235,889
Long-term debt	969,500	837,500
Noncurrent portion of licensing agreement	63,739	80,084
Other noncurrent liabilities	43,207	31,736
Total noncurrent liabilities	1,292,587	1,185,209
Total liabilities	33,538,284	32,985,523
Commitments and contingencies		
EQUITY:		
IntercontinentalExchange, Inc. shareholders equity:		

Preferred stock, $0.01 par value; 25,000 shares authorized; no shares issued or outstanding at December 31, 2012 and 2011		
Common stock, $0.01 par value; 194,275 shares authorized; 79,867 and 79,247 shares issued at December 31, 2012 and 2011, respectively; 72,474 and 72,425 shares outstanding at December 31, 2012 and 2011, respectively	799	792
Treasury stock, at cost; 7,393 and 6,822 shares at December 31, 2012 and 2011, respectively	(716,815)	(644,291)
Additional paid-in capital	1,903,312	1,829,181
Retained earnings	2,508,672	1,957,096
Accumulated other comprehensive loss	(52,591)	(21,253)
Total IntercontinentalExchange, Inc. shareholders equity	3,643,377	3,121,525
Noncontrolling interest in consolidated subsidiaries	33,181	40,816
Total equity	3,676,558	3,162,341
Total liabilities and equity	$ 37,214,842	$ 36,147,864

See accompanying notes.

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IntercontinentalExchange, Inc. and Subsidiaries

Consolidated Statements of Income

(In thousands, except per share amounts)

	Year Ended December 31, 2012	2011	2010
Revenues:			
Transaction and clearing fees, net	$ 1,185,195	$ 1,176,367	$ 1,023,454
Market data fees	146,789	124,956	109,175
Other	30,981	26,168	17,315
Total revenues	1,362,965	1,327,491	1,149,944
Operating expenses:			
Compensation and benefits	251,152	250,601	236,649
Technology and communication	45,764	47,875	44,506
Professional services	33,145	34,831	32,597
Rent and occupancy	19,329	19,066	17,024
Acquisition-related transaction costs	19,359	15,624	9,996
Selling, general and administrative	36,699	34,180	35,644
Depreciation and amortization	130,502	132,252	121,209
Total operating expenses	535,950	534,429	497,625
Operating income	827,015	793,062	652,319
Other income (expense):			
Interest and investment income	1,626	2,489	2,161
Interest expense	(38,902)	(34,533)	(30,541)
Other expense, net	(47)	(1,009)	(14,466)
Total other expense, net	(37,323)	(33,053)	(42,846)
Income before income taxes	789,692	760,009	609,473
Income tax expense	227,955	238,268	201,706
Net income	$ 561,737	$ 521,741	$ 407,767
Net income attributable to noncontrolling interest	(10,161)	(12,068)	(9,469)
Net income attributable to IntercontinentalExchange, Inc.	$ 551,576	$ 509,673	$ 398,298
Earnings per share attributable to IntercontinentalExchange, Inc. common shareholders:			
Basic	$ 7.59	$ 6.97	$ 5.41
Diluted	$ 7.52	$ 6.90	$ 5.35
Weighted average common shares outstanding:			
Basic	72,712	73,145	73,624

Diluted	73,366	73,895	74,476

See accompanying notes.

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IntercontinentalExchange, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

(In thousands)

	Year Ended December 31, 2012	2011	2010
Net income	$ 561,737	$ 521,741	$ 407,767
Other comprehensive income (loss):			
Foreign currency translation adjustments, net of tax of $1,958, ($356) and $2,222 for the years ended December 31, 2012, 2011 and 2010, respectively	28,453	2,406	12,497
Change in fair value of cash flow hedges, net of tax of $938 and $97 for the years ended December 31, 2011 and 2010, respectively		1,565	201
Change in fair value of available-for-sale securities, net of tax of $169 for the year ended December 31, 2010	(59,791)	(62,964)	484
Other comprehensive income (loss)	(31,338)	(58,993)	13,182
Comprehensive income	$ 530,399	$ 462,748	$ 420,949
Comprehensive income attributable to noncontrolling interest	(10,161)	(12,068)	(9,469)
Comprehensive income attributable to IntercontinentalExchange, Inc.	$ 520,238	$ 450,680	$ 411,480

See accompanying notes.

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IntercontinentalExchange, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

(In thousands)

	IntercontinentalExchange, Inc. Shareholders Equity										
	Common Stock		Treasury Stock				Accumulated Other Comprehensive Income (Loss) from			Noncontrolling Interest in Consolidated Subsidiaries	Total Equity
	Shares	Value	Shares	Value	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation	Available-For-Sale Securities	Cash Flow Hedges		
Balance, January 1, 2010	77,573	$ 776	(4,084)	$ (349,646)	$ 1,674,919	$ 1,049,125	$ 29,258	$ (484)	$ (4,216)	$ 33,915	$ 2,433,647
Other comprehensive income							12,497	484	201		13,182
Exercise of common stock options	504	5			12,763						12,768
Repurchases of common stock			(938)	(90,395)							(90,395)
Payments relating to treasury shares received for restricted stock tax payments and stock option exercises			(125)	(13,807)							(13,807)
Stock-based compensation					51,730						51,730
Issuance of restricted stock	372	4	1	26	1,749						1,779
Tax benefits from stock option plans					6,892						6,892
Purchase of subsidiary shares from noncontrolling interest					(2,629)					(1,871)	(4,500)
Distributions of profits to noncontrolling interest										(1,404)	(1,404)
Other										(894)	(894)
Net income attributable to noncontrolling interest						(9,469)				9,469	
Net income						407,767					407,767
Balance, December 31, 2010	78,449	785	(5,146)	(453,822)	1,745,424	1,447,423	41,755		(4,015)	39,215	2,816,765
Other comprehensive income (loss)							2,406	(62,964)	1,565		(58,993)
Exercise of common stock options	342	3			9,167						9,170
Stock consideration issued for previous acquisition	112	1			13,336						13,337
Repurchases of common stock			(1,551)	(175,196)							(175,196)
Payments relating to treasury shares received for restricted stock tax payments and stock option			(125)	(15,278)							(15,278)

exercises											
Stock-based compensation					56,535						56,535
Issuance of restricted stock	344	3		5	(8)						
Tax benefits from stock option plans					4,727						4,727
Distributions of profits to noncontrolling interest										(10,467)	(10,467)
Net income attributable to noncontrolling interest						(12,068)				12,068	
Net income						521,741					521,741
Balance, December 31, 2011	79,247	792	(6,822)	(644,291)	1,829,181	1,957,096	44,161	(62,964)	(2,450)	40,816	3,162,341
Other comprehensive income (loss)							28,453	(59,791)			(31,338)
Exercise of common stock options	211	3			7,337						7,340
Repurchases of common stock			(417)	(53,290)							(53,290)
Payments relating to treasury shares received for restricted stock tax payments and stock option exercises			(154)	(19,234)							(19,234)
Stock-based compensation					57,250						57,250
Issuance of restricted stock	409	4			(4)						
Tax benefits from stock option plans					8,540						8,540
Distributions of profits to noncontrolling interest										(11,973)	(11,973)
Purchase of subsidiary shares from noncontrolling interest					1,008					(5,823)	(4,815)
Net income attributable to noncontrolling interest						(10,161)				10,161	
Net income						561,737					561,737
Balance, December 31, 2012	79,867	$ 799	(7,393)	$ (716,815)	$ 1,903,312	$ 2,508,672	$ 72,614	$ (122,755)	$ (2,450)	$ 33,181	$ 3,676,558

See accompanying notes.

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IntercontinentalExchange, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(In thousands)

	Year Ended December 31,		
	2012	**2011**	**2010**
Operating activities			
Net income	$ 561,737	$ 521,741	$ 407,767
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	130,502	132,252	121,209
Amortization of debt issuance costs	4,186	7,248	5,986
Stock-based compensation	52,112	52,944	49,320
Loss on foreign currency hedge relating to CLE acquisition			15,080
Deferred taxes	(24,277)	(2,901)	(22,800)
Excess tax benefits from stock-based compensation	(8,525)	(4,327)	(7,977)
Other	(260)	1,247	(1,576)
Changes in assets and liabilities:			
Customer accounts receivable	10,730	(22,590)	(2,669)
Prepaid expenses and other current assets	1,057	(6,782)	(6,554)
Noncurrent assets	1,560	(2,517)	1,310
Income taxes payable	15,007	43,310	(29,636)
Accounts payable, accrued salaries and benefits, and other accrued liabilities	(10,875)	(6,855)	4,298
Total adjustments	171,217	191,029	125,991
Net cash provided by operating activities	732,954	712,770	533,758
Investing activities			
Capital expenditures	(32,377)	(57,258)	(21,774)
Capitalized software development costs	(35,432)	(30,377)	(25,994)
Cash paid for acquisitions, net of cash acquired	(18,250)	(9,795)	(552,981)
Purchase of foreign currency hedge relating to CLE acquisition			(15,080)
Purchases of cost and equity method investments		(3,793)	
Proceeds from sales of available-for-sale investments	43	1,999	19,541
Purchases of available-for-sale investments		(514,100)	(18,226)
Increase in restricted cash	(31,851)	(1,532)	(18,568)
Net cash used in investing activities	(117,867)	(614,856)	(633,082)
Financing activities			
Proceeds from credit facilities	295,000	1,300,500	620,000
Repayments of credit facilities	(50,000)	(991,500)	(349,000)
Issuance costs for credit facilities		(16,445)	(10,240)
Payments relating to treasury shares received for restricted stock tax payments and stock option exercises	(19,234)	(15,278)	(13,807)
Repurchases of common stock	(53,290)	(175,196)	(90,395)
Excess tax benefits from stock-based compensation	8,525	4,327	7,977
Proceeds from exercise of common stock options	7,340	9,170	12,768
Distributions of profits to noncontrolling interest	(11,973)	(10,467)	(1,404)
Purchase of subsidiary shares from noncontrolling interest	(4,005)		
Other financing activities			(6,379)
Net cash provided by financing activities	172,363	105,111	169,520
Effect of exchange rate changes on cash and cash equivalents	1,796	(1,868)	(869)

Net increase in cash and cash equivalents	789,246	201,157	69,327
Cash and cash equivalents, beginning of year	822,949	621,792	552,465
Cash and cash equivalents, end of year	$ 1,612,195	$ 822,949	$ 621,792
Supplemental cash flow disclosure			
Cash paid for income taxes	$ 232,391	$ 193,888	$ 244,243
Cash paid for interest	$ 29,382	$ 16,778	$ 13,946
Supplemental noncash investing and financing activities			
Common stock and vested stock options issued for acquisitions	$	$ 13,337	$

See accompanying notes.

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IntercontinentalExchange, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Description of Business

Nature of Business and Organization

IntercontinentalExchange, Inc. (the Company) is a leading operator of regulated global markets and clearing houses, including futures exchanges, over-the counter (OTC) markets, derivatives clearing houses and post-trade services. The Company operates leading futures marketplaces for the trading and clearing a broad array of energy, environmental and agricultural commodities, credit default swaps (CDS), equity index and currency contracts. The Company owns and operates:

ICE Futures Europe, which operates as a United Kingdom (U.K.) Recognized Investment Exchange for the purpose of price discovery, trading and risk management within the energy and environmental commodity futures and options markets;

ICE Futures U.S., Inc. (ICE Futures U.S.), which operates as a United States (U.S.) Designated Contract Market (DCM) for the purpose of price discovery, trading and risk management within the agricultural, energy, equity index and currency futures and options markets;

ICE Futures Canada, Inc. (ICE Futures Canada), which operates as a Canadian derivatives exchange for the purpose of price discovery, trading and risk management within the agricultural futures and options markets;

ICE U.S. OTC Commodity Markets, LLC (ICE U.S. OTC), an OTC exempt commercial market (ECM) for bilateral energy contracts;

Creditex Group Inc. (Creditex), which operates in the OTC CDS trade execution markets; and

Five central counterparty clearing houses, including ICE Clear Europe Limited (ICE Clear Europe), ICE Clear U.S., Inc. (ICE Clear U.S.), ICE Clear Canada, Inc. (ICE Clear Canada), ICE Clear Credit LLC (ICE Clear Credit) and The Clearing Corporation (TCC).

ICE Futures Europe is subject to extensive regulation in the United Kingdom by the Financial Services Authority (FSA), in accordance with the Financial Services and Markets Act. ICE Futures U.S. is subject to extensive regulation in the United States by the Commodity Futures Trading Commission (CFTC) under the Commodity Exchange Act. ICE Futures Canada is subject to extensive regulation by the Manitoba Securities Commission, under the Commodity Futures Act (Manitoba). ICE Futures Europe, ICE Futures U.S. and ICE Futures Canada are self-regulatory organizations that have developed surveillance and compliance operations and procedures to monitor and enforce compliance by market participants with its rules and are under the audit jurisdictions of its regulators with respect to these self-regulatory functions.

The Company currently operates its OTC bilateral physical energy markets through ICE U.S. OTC as an ECM pursuant to the Commodity Exchange Act and regulations of the CFTC. As an ECM, ICE U.S. OTC is required to file a notice with the CFTC, provide the CFTC with access to its trading system and certain trading reports and respond to requests for information or records from the CFTC. Creditex Securities Corporation, a subsidiary of Creditex, is registered as a broker-dealer in securities under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority.

ICE Clear Europe clears contracts for ICE Futures Europe and European CDS contracts. Prior to October 15, 2012, ICE Clear Europe cleared the Company s OTC energy contracts, and after October 15, 2012, it clears these contracts as futures contracts as discussed below. ICE Clear Europe is regulated by the FSA as a Recognized Clearing House, and is also regulated by the CFTC as a U.S. Derivatives Clearing Organization (DCO). ICE Futures U.S. owns its clearing house, ICE Clear U.S., which clears contracts traded on, or subject to the rules of, ICE Futures U.S., except for the energy futures contracts which trade on ICE Futures U.S. but clear and settle on ICE Clear Europe after the transition from OTC energy contracts on October 15, 2012. ICE Clear U.S. is a DCO and is regulated by the CFTC. ICE Futures Canada owns its clearing house, ICE Clear Canada, which clears contracts traded on, or subject to the rules of, ICE Futures Canada. ICE Clear Canada is a recognized clearing house under the provisions of the Commodity Futures Act (Manitoba) and is regulated by the Manitoba Securities Commission. ICE Clear Credit clears CDS contracts and is regulated by the CFTC as a DCO and the Securities and Exchange Commission (SEC) as a securities clearing agency. TCC is a DCO that is regulated by the CFTC that performs clearing and settlement services for certain OTC benchmark treasury futures contracts.

As a result of completed and pending regulatory changes in the United States that offer greater regulatory and operational certainty to futures market participants relative to the swaps market, on October 15, 2012, the Company transitioned all of its cleared OTC energy swaps contracts to futures contracts. The cleared OTC energy swaps, including North American natural gas, North American power and physical environmental products, transitioned to futures contracts and are now listed at ICE Futures U.S., and continue to be cleared at ICE Clear Europe via its DCO designation. ICE Futures U.S. s suite of agricultural and financial futures continue to be cleared at ICE Clear U.S. In addition, the Company s cleared OTC oil and refined products, freight, iron ore and natural gas liquid swaps transitioned to futures contracts at ICE Futures Europe with the Company s other energy futures contracts and continue to be cleared at ICE Clear Europe via its Recognized Clearing House designation.

NYSE Euronext Proposed Acquisition

On December 20, 2012, the Company announced an agreement to acquire NYSE Euronext in a stock and cash transaction. The transaction, which was unanimously approved by the boards of directors of both companies, is currently valued at approximately $8.6 billion, based on the closing price of the Company s stock on January 31, 2013. The final purchase price will be based on the actual market price per share of the Company s stock on the closing date of the acquisition. NYSE Euronext is a holding company that, through its subsidiaries, operates the following securities exchanges: the New York Stock Exchange, NYSE Arca, Inc. and NYSE MKT LLC in the United States and the European-based exchanges that comprise Euronext N.V. the Paris, Amsterdam, Brussels and Lisbon stock exchanges, as well as the NYSE Liffe derivatives markets in London, Paris, Amsterdam, Brussels and Lisbon. Upon the closing of the acquisition, NYSE Euronext will merge with and into a wholly owned subsidiary of the Company.

Under the terms of the agreement, each share of NYSE Euronext common stock owned by a NYSE Euronext stockholder will be converted into the right to receive 0.1703 of a share of the Company s common stock and $11.27 in cash (this is referred to as the standard election amount). In lieu of the standard election, NYSE Euronext stockholders will have the right to make either a cash election to receive $33.12 in cash, or a stock election to receive 0.2581 of a share of the Company s common stock, for each of their NYSE Euronext shares. Both the cash election and the stock election are subject to the adjustment and proration procedures set forth in the agreement to ensure that the total amount of cash paid, and the total number of shares of the Company s common stock issued, are equal to the total amount of cash and number of shares that would have been paid and issued if all of the NYSE Euronext stockholders received the standard election amount. It is anticipated that the Company s stockholders and NYSE Euronext stockholders will hold approximately 64% and 36%, respectively, of the issued and outstanding shares of the Company s common stock immediately after completion of the acquisition. If the acquisition is completed, it is currently estimated that payment of the stock portion of the acquisition consideration will require the Company to issue or reserve for issuance approximately 42.4 million shares of its common stock in connection with the acquisition and that the maximum cash consideration required to be paid for the cash portion of the acquisition consideration will be approximately $2.7 billion. The Company will pay the cash portion of the acquisition consideration from cash on hand and borrowing under the Company s revolving credit facility. The acquisition is expected to close during the second half of 2013, subject to regulatory approvals in Europe and the United States, approval by stockholders of both companies and customary closing conditions.

APX-ENDEX Proposed Acquisition

In September 2012, the Company announced an agreement to acquire a majority stake in the derivatives and spot gas business of APX-ENDEX. Under the terms of the agreement, the Company will acquire 79.12% of the derivatives and spot gas business of APX-ENDEX. Gasunie, a natural gas infrastructure company and an existing stockholder of APX-ENDEX, will retain the remaining 20.88% stake of APX-ENDEX. The APX-ENDEX gas business includes derivatives and spot trading around the Title Transfer Facility (TTF) Virtual Trading Point in the Netherlands, one of continental Europe s leading natural gas trading hubs, as well as the U.K. On-the-Day Commodity Market (OCM) and the Belgian Zeebrugge Trading Point (ZTP). The transaction consideration will be funded by cash on hand and is expected to close by the end of the first quarter of 2013, subject to regulatory approvals and customary closing conditions.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are presented in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The consolidated financial statements include the accounts of the Company and its wholly-owned and controlled subsidiaries. All intercompany balances and transactions between the Company and its wholly-owned and controlled subsidiaries have been eliminated in consolidation. As discussed in Note 3, the Company completed several acquisitions in 2012, 2011 and 2010 and has included the financial results of these companies in its consolidated financial statements effective from the respective acquisition dates.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company s management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Noncontrolling Interest

For those consolidated subsidiaries in which the Company s ownership is less than 100% and for which the Company has control over the assets and liabilities and the management of the entity, the outside stockholders interests are shown as noncontrolling interests. The Company previously held a 50.1% equity ownership in QW Holdings LLC, which the Company consolidated. QW Holdings LLC owns Q-WIXX, which is a dealer-to-client electronic platform for trading portfolios of CDS. In May 2012, the Company purchased the remaining 49.9% ownership of QW Holdings LLC. The Company records a noncontrolling interest in the parent company of ICE Clear Credit for the 45.5% ownership interest held by the ICE Clear Credit limited partners.

Segment and Geographic Information

The Company previously reported the results of its operations in three reportable segments: its futures segment, its global OTC segment, and its market data segment. As of the end of 2012, the Company changed the manner in which it internally presented operating results to its chief operating decision maker in connection with the transition of the cleared OTC energy swaps contracts to futures contracts (Note 1), as the majority of the Company s OTC business is now futures as a result of the transition. These changes were made to reflect how the Company s chief operating decision maker manages the business and reviews performance, as well as to make resource allocation decisions for the Company. As a result of these changes, at December 31, 2012, the Company operates as a single operating segment.

Substantially all of the Company s identifiable assets are located in the United States, the United Kingdom, Canada and Brazil (Note 15).

Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments with remaining maturities at the purchase date of three months or less to be cash equivalents.

Short-Term and Long-Term Restricted Cash

The Company classifies all cash and cash equivalents that are not available for general use by the Company, either due to regulatory requirements or through restrictions in specific agreements, as restricted in the accompanying consolidated balance sheets (Note 4).

Short-Term and Long-Term Investments

The Company periodically invests a portion of its cash in excess of short-term operating needs in investment-grade marketable debt securities, including government or government sponsored agencies and corporate debt securities. These investments are classified as available-for-sale in accordance with U.S. GAAP. The Company does not have any investments classified as held-to-maturity or trading. Available-for-sale investments are carried at their fair value using primarily quoted prices in active markets for identical securities, with unrealized gains and losses, net of deferred income taxes, reported as a component of accumulated other comprehensive income. Realized gains and losses, and declines in value deemed to be other-than-temporary on available-for-sale investments, are recognized currently in earnings. The cost of securities sold is based on the specific identification method. Investments that the Company intends to hold for more than one year are classified as long-term investments in the accompanying consolidated balance sheets.

Cost Method Investments

The Company uses the cost method to account for non-marketable investments in companies that the Company does not control and for which the Company does not have the ability to exercise significant influence over the entities operating and financial policies.

Margin Deposits and Guaranty Funds

Original margin, variation margin and guaranty funds held by the Company s clearing houses for clearing members may be in the form of cash, government obligations, money market mutual fund shares, certificates of deposit, letters of credit, gold or emission allowances (Note 11). Cash original margin, variation margin and guaranty fund deposits are reflected in the accompanying consolidated balance sheets as current assets and current liabilities. The amount of margin deposits on hand will fluctuate over time as a result of, among other things, the extent of open positions held at any point in time by market participants in contracts and the margin rates then in effect for such contracts. Non-cash original margin and guaranty fund deposits are not reflected in the accompanying consolidated balance sheets. These non-cash assets are held in safekeeping and the Company s

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clearing houses do not take legal ownership of the assets as the risks and rewards remain with the clearing members, unless and until such time as a clearing member defaults on its obligations to the clearing house.

Property and Equipment

Property and equipment are recorded at cost, reduced by accumulated depreciation (Note 6). Depreciation and amortization expense related to property and equipment is computed using the straight-line method based on estimated useful lives of the assets, or in the case of leasehold improvements, the shorter of the initial lease term or the estimated useful life of the improvement. The Company reviews the remaining estimated useful lives of its property and equipment at each balance sheet date and will make adjustments to the estimated remaining useful lives whenever events or changes in circumstances indicate that the remaining useful lives have changed. Gains on disposals of property and equipment are included in other income and losses on disposals of property and equipment are included in depreciation expense. Maintenance and repair costs are expensed as incurred.

Software Development Costs

The Company capitalizes costs, both internal and external direct and incremental costs, related to software developed or obtained for internal use in accordance with U.S. GAAP. Software development costs incurred during the preliminary or maintenance project stages are expensed as incurred, while costs incurred during the application development stage are capitalized and are amortized using the straight-line method over the useful life of the software, not to exceed three years. Amortization of these capitalized costs begins only when the software becomes ready for its intended use. General and administrative costs related to developing or obtaining such software are expensed as incurred.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill represents the excess of the purchase price of the Company s acquisitions over the fair value of identifiable net assets acquired, including other identified intangible assets (Note 7). The Company recognizes specifically identifiable intangibles when a specific right or contract is acquired. Goodwill has been allocated to reporting units for purposes of impairment testing based on the portion of synergy, cost savings and other expected future cash flows expected to benefit the reporting units at the time of the acquisition. The Company tests its goodwill for impairment at the reporting unit level. The reporting unit levels for the Company s goodwill are the futures, CDS and market data reporting units. Goodwill impairment testing is performed annually in the fiscal fourth quarter or more frequently if conditions exist that indicate that the asset may be impaired.

Goodwill impairment testing consists of a two-step methodology. The initial step requires the Company to determine the fair value of each reporting unit and compare it to the carrying value, including goodwill and other intangible assets, of such reporting unit. If the fair value exceeds the carrying value, no impairment loss is recognized and the second step, which is a calculation of the impairment, is not performed. However, if the carrying value of the reporting unit exceeds its fair value, an impairment charge is recorded equal to the extent that the carrying amount of goodwill exceeds its implied fair value.

The Company also evaluates indefinite-lived intangible assets for impairment annually in its fiscal fourth quarter or more frequently if conditions exist that indicate that the asset may be impaired. Such evaluation includes determining the fair value of the asset and comparing the fair value of the asset with its carrying value. If the fair value of the indefinite-lived intangible asset is less than its carrying value, an impairment loss is recognized in an amount equal to the difference.

For goodwill impairment testing, the Company has the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill and other intangible assets. If the Company concludes that this is the case, it must perform the two-step methodology described above. Otherwise, the Company will skip the two-step methodology and does not need to perform any further testing. The Company adopted Accounting Standards Update (ASU) 2012-02, Intangibles- Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment , in the current year for annual and interim indefinite-lived intangible asset impairment testing purposes. This standard also provides for an optional qualitative assessment for the testing of indefinite-lived intangible asset impairment to determine whether it is more likely than not that such asset is impaired. If it is concluded that this is the case, it is necessary to perform the currently prescribed quantitative impairment test by comparing the fair value of the indefinite-lived intangible asset with its carrying value. Otherwise, the quantitative impairment test is not required.

The Company did not record an impairment charge related to goodwill or indefinite-lived intangible assets during the years ended December 31, 2012, 2011 or 2010.

Impairment of Long-Lived Assets and Finite-Lived Intangible Assets

The Company reviews its property and equipment and finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. To analyze recoverability, the Company projects undiscounted net future cash flows over the remaining life of such assets. If these projected cash flows are less than the carrying amount, an impairment indicator would exist. The impairment loss is measured based upon the difference between the carrying amount and the fair value of the assets. Finite-lived intangible assets are generally amortized on a straight-line basis or using an accelerated method over the lesser of their contractual or estimated useful lives. The Company did not record an impairment charge related to long-lived assets and finite-lived intangible assets during the years ended December 31, 2012, 2011 or 2010.

Intellectual Property

All costs related to internally developed patents and trademarks are expensed as incurred. All costs related to purchased patents, trademarks and internet domain names are recorded as other intangible assets and are amortized on a straight-line basis over their estimated useful lives. All costs related to licensed patents are capitalized and amortized on a straight-line basis over the term of the license.

Income Taxes

The Company recognizes income taxes under the liability method. The Company recognizes a current tax liability or tax asset for the estimated taxes payable or refundable on tax returns for the current year. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of our assets and liabilities. The Company establishes valuation allowances if we believe that it is more likely than not that some or all of our deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using current enacted tax rates in effect.

The Company does not recognize a tax benefit unless it concludes that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, the Company recognizes a tax benefit measured at the largest amount of the tax benefit that, in its judgment, is greater than 50 percent likely to be realized. The Company recognizes accrued interest and penalties related to uncertain tax positions as a component of income tax expense.

Revenue Recognition

The Company s revenues primarily consist of transaction and clearing fee revenues for transactions executed and cleared through the Company s internet-based global electronic trading and clearing platforms or through the Company s Creditex voice brokers. The Company s revenues are recognized over the period in which the services are provided, which is typically the date the transactions are executed or are cleared, except for a portion of clearing revenues related to cleared contracts which have an ongoing clearing obligation that extends beyond the execution date. The transaction and clearing fee revenues are determined on the basis of the transaction and clearing fee charged for each contract traded on the exchanges.

Transaction and clearing fees are recorded net of rebates of $371.8 million, $296.2 million and $215.7 million for the years ended December 31, 2012, 2011 and 2010, respectively. The Company offers rebates in certain of its markets primarily to support market liquidity and trading volumes by providing qualified participants in those markets a discount to the applicable commission rate. These rebates reduce revenue that the Company would have generated had it charged full transaction fees and had it generated the same volume without the rebate program. The increase in rebates is due primarily to an increase in the number of participants in the rebate programs offered on various contracts, an increase in the number of rebate programs offered and from higher contract volume traded under these programs during the periods.

Market data fee revenues primarily include terminal and license fees received from data vendors in exchange for the provision of real-time futures price information and market data access fees. Market data fees are charged to data vendors on a monthly basis based on the number and type of terminals they have carrying futures data. Each data vendor also pays an annual license fee, which is deferred and recognized as revenue ratably over the period of the annual license. Market data fee revenues also include market data access fees charged to customers that are signed up to trade on the electronic platform. The market data access amount for each company is based on the number of users at each company signed up to trade on the electronic platform. The excess of the market data access fee total for each company over the actual amount of commissions paid for trading activity is recognized as market data access revenues. The actual amount of commissions paid that month for trading activity is recognized as transaction and clearing fee revenues.

Other revenues are recognized as services are provided or they are deferred and recognized as revenue ratably over the periods to which they relate.

Credit Risk and Significant Customers

The Company s clearing houses have credit risk for maintaining the cash deposits at various financial institutions. Cash deposit accounts are established at larger money center banks and structured to restrict the rights of offset or liens by the bank. The Company s clearing houses monitor the cash deposits and mitigate credit risk by keeping such deposits in several financial institutions, ensuring that its overall credit risk exposure to any individual financial institution remains within acceptable concentration limits, and by ensuring that the financial institutions have strong or high investment grade ratings. The Company also limits its risk of loss by holding the majority of the cash deposits in reverse repurchase agreements with several different counterparty banks. If the cash deposits decrease in value, the Company s clearing houses would be liable for the losses. The Company s clearing houses historically have not experienced losses related to these cash deposits.

The Company s accounts receivable related to its market data revenues, its OTC CDS transaction revenues and its bilateral OTC energy transaction revenues subjects the Company to credit risk, as the Company does not require its customers to post collateral for market data services, CDS trades or bilateral OTC energy trades. The Company does not risk its own capital in transactions or extend credit to market participants in any commodities markets. The Company limits its risk of loss by allowing trading access to companies that qualify as eligible commercial entities, as defined in the Commodity Exchange Act, and by terminating access to trade to entities with delinquent accounts.

The futures businesses have minimal credit risk as all of their transaction revenues are currently cleared through ICE Clear Europe, ICE Clear U.S., ICE Clear Canada, ICE Clear Credit or TCC. The Company s clearing businesses have substantial credit risk (Note 11).

The Company s accounts receivable is stated at cost. There were no individual accounts receivable balances greater than 10% of total consolidated accounts receivable as of December 31, 2012 or December 31, 2011. No single customer accounted for more than 10% of total consolidated revenues during any of the years ended December 31, 2012, 2011 or 2010.

Stock-Based Compensation

The Company currently sponsors employee and director stock option and restricted stock plans (Note 9). U.S. GAAP requires the measurement and recognition of compensation expenses for all share-based payment awards made to employees and directors, including employee stock options and restricted stock, based on estimated fair values. U.S. GAAP requires companies to estimate the fair value of stock option awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as stock-based compensation expense over the requisite service period in the Company s consolidated financial statements.

The Company uses the Black-Scholes option pricing model for purposes of valuing stock option awards. The Company s determination of fair value of stock option awards on the date of grant using the Black-Scholes option pricing model is affected by the Company s stock price as well as assumptions regarding a number of subjective variables. These variables include, but are not limited to, the Company s expected share price volatility over the term of the awards and actual and projected employee stock option exercise behavior.

Acquisition-Related Transaction Costs

The Company incurs incremental direct acquisition-related transaction costs relating to various potential acquisitions and other strategic opportunities to strengthen its competitive position and support growth. The acquisition-related transaction costs include fees for investment banking advisors, lawyers, accountants, tax advisors and public relations firms, as well as costs associated with credit facilities and other external costs directly related to the proposed or closed transactions.

Earnings Per Common Share

Basic earnings per common share is calculated using the weighted average common shares outstanding during the year. Common equivalent shares from stock options and restricted stock awards, using the treasury stock method, are also included in the diluted per share calculations unless their effect of inclusion would be antidilutive (Note 16).

Treasury Stock

The Company records treasury stock activities under the cost method whereby the cost of the acquired stock is recorded as treasury stock (Note 9).

Fair Value of Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (Note 14). The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Company s financial instruments consist primarily of cash and cash equivalents, short-term and long-term restricted cash, long-term investments, customer accounts receivable, margin deposits and guaranty funds, cost method investments, short-term and long-term debt and other short-term assets and liabilities.

Foreign Currency Translation Adjustments and Foreign Currency Transaction Gains and Losses

The Company has foreign currency translation risk equal to its net investment in certain U.K., European and Canadian subsidiaries. The revenues, expenses and financial results of these U.K., European and Canadian subsidiaries are denominated in pounds sterling, euros or Canadian dollars, which are the functional currencies of these subsidiaries. The financial statements of these subsidiaries are translated into U.S. dollars using a current rate of exchange, with gains or losses, net of tax, included in the cumulative translation adjustment account, a component of equity. As of December 31, 2012 and 2011, the portion of our equity attributable to accumulated other comprehensive income from foreign currency translation adjustments was $72.6 million and $44.2 million, respectively.

The Company has foreign currency transaction gains and losses related to the settlement of foreign currency denominated assets, liabilities and payables that occur through its operations, which are received in or paid in pounds sterling or euros. The transaction gain and losses are due to the increase or decrease in the foreign currency exchange rates between periods. Forward contracts on foreign currencies are entered into to manage the foreign currency exchange rate risk. Gains and losses from foreign currency transactions are included in other income (expense) in the accompanying consolidated statements of income and resulted in net losses of $3.5 million, $406,000 and $1.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Leases

The Company expenses rent from non-cancellable operating leases, net of sublease income, on a straight line basis based on future minimum lease payments. The net costs are included in rent and occupancy expenses in the accompanying consolidated statements of income (Note 12).

Marketing and Promotional Fees

Advertising costs, including print advertising and production costs, product promotion campaigns and seminar, conference and convention costs related to trade shows and other industry events, are expensed as incurred. The Company incurred advertising costs of $2.2 million, $3.1 million and $3.3 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Recently Adopted and New Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board (FASB) issued ASU 2011-12, Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05 . In June 2011, the FASB issued ASU 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income . Both ASU s are effective for annual reporting periods beginning after December 15, 2011, and both were adopted by the Company as of January 1, 2012. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity. In addition, items of other comprehensive income that are reclassified to profit or loss are required to be presented separately on the face of the financial statements. This guidance is intended to increase the prominence of other comprehensive income in financial statements by requiring that such amounts be presented either in a single continuous statement of income and comprehensive income or separately in consecutive statements of income and comprehensive income. ASU 2011-12 defers the changes in ASU 2011-05 that pertain to how, when and where reclassification adjustments are presented. The Company s adoption of these standards did not have a material impact on the consolidated financial statements.

In July 2012, the FASB issued ASU 2012-02, Intangibles- Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment . This standard is effective for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012, with early adoption permitted. This standard provides for an optional qualitative assessment for the testing of indefinite-lived intangible asset impairment to determine whether it is more likely than not that such asset is impaired. If it is concluded that this is the case, it is necessary to perform the currently prescribed quantitative impairment test by comparing the fair value of the indefinite-lived intangible asset with its carrying value. Otherwise, the quantitative impairment test is not required. The Company has chosen to adopt this standard as of December 31, 2012, and it did not have a material impact on the consolidated financial statements.

Change in Accounting Policy

In accordance with Accounting Standards Codification (ASC) Topic 740, *Income Taxes,* interest and penalties related to unrecognized income tax benefits may either be classified as income tax expense or another appropriate expense classification in the consolidated statements of income. Historically, the Company has classified interest related to uncertain income tax positions as a component of interest expense and penalties as a component of selling, general and administrative expenses. During the current year, the Company changed its classification of interest and penalties to classify both of these items as income tax expense in the accompanying consolidated statements of income for the years ended December 31, 2012, 2011 and 2010.

The Company believes this change is preferable for a number of reasons. The policy is consistent with the policies elected by most of the Company s peers and thus will improve comparability of the Company s financial statements to its peers. The new policy is more consistent with the way in which the Company manages the settlement of uncertain income tax positions as one overall amount inclusive of interest and penalties. The Company also believes that interest and penalties related to unrecognized income tax benefits are costs of managing taxes payable (as opposed to, for example, interest as a cost of debt) and thus, it will provide more meaningful information to investors by including only interest expense from debt financing activities and the Company s Russell license within interest expense.

This change in accounting principle was completed in accordance with ASC Topic 250, *Accounting Changes and Error Corrections*. Accordingly, the change in accounting principle has been applied retrospectively by adjusting the financial statement amounts for the prior periods presented. The change to historical periods was limited to classifications within the consolidated statements of income and has no effect on net income, earnings per share or the Company s compliance with its debt covenants in any period. The following tables illustrate the adjustments to various lines in the accompanying consolidated statements of income for the years ended December 31, 2011 and 2010 related to the accounting principle change (in thousands):

	Year Ended December 31, 2011		
	As Previously Reported	**Adjustments**	**As Adjusted**
Selling, general and administrative expenses	$ 33,909	$ 271	$ 34,180
Interest and investment income	3,012	(523)	2,489
Interest expense	36,097	(1,564)	34,533
Income tax expense	237,498	770	238,268

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	Year Ended December 31, 2010		
	As Previously Reported	Adjustments	As Adjusted
Selling, general and administrative expenses	$35,714	($70)	$35,644
Interest and investment income	2,313	(152)	2,161
Interest expense	29,765	776	30,541
Other expense, net	14,655	(189)	14,466
Income tax expense	202,375	(669)	201,706

In relation to the year ended December 31, 2012, had the Company not made this voluntary change in accounting principle with respect to interest and penalties related to uncertain income tax positions, then interest expense would have been higher by $1.8 million and income tax expense would have been lower by $1.8 million.

3. Acquisitions

Climate Exchange plc (CLE) Acquisition

The Company acquired 100% of CLE on July 8, 2010. CLE is a leader in the development of traded emissions markets globally. CLE operated the European Climate Exchange (ECX), the Chicago Climate Exchange (CCX) and the Chicago Climate Futures Exchange (CCFE). The Company acquired CLE to build on its existing partnership with its respective exchanges, provide scale to the nascent, rapidly growing environmental markets, and to diversify the Company s products, customers and geographic profile.

Under the terms of the acquisition, CLE stockholders received £7.50 (pounds sterling) in cash for each share of CLE, valuing the entire existing issued and to-be-issued share capital of CLE at $596.6 million. The Company owned a 4.8% stake in CLE that it purchased in June 2009 for $24.1 million. The Company recognized a net gain of $1.8 million at the date of the acquisition based upon its initial 4.8% stake in CLE, which was recorded as other income in the accompanying consolidated statement of income for the year ended December 31, 2010. The transaction consideration included $220.0 million that was drawn from the Company s revolving credit facility for these purposes and the remainder came from existing cash resources of the Company.

The Company entered into a foreign currency hedge on May 3, 2010 related to the cash consideration that was paid to acquire CLE to mitigate the risk of currency fluctuations between the announcement and closing of the acquisition as the cash consideration was being held in U.S. dollars and the purchase price was required to be paid in pounds sterling. The foreign currency hedge was not designated and did not qualify as a hedging instrument. The foreign currency hedge included an upfront option premium and the instrument expired out of the money in July 2010, resulting in a loss of $15.1 million recorded in other expense in the accompanying consolidated statement of income for the year ended December 31, 2010.

Other Acquisitions

During the year ended December 31, 2012, the Company acquired 100% of WhenTech LLC, a technology, software and information provider for option market participants. WhenTech LLC s solutions include options valuation, analytics and risk management platforms. During the year ended December 31, 2011, the Company acquired 100% of Ballista Securities and 100% of DebtMarket. Ballista Securities is a U.S. broker-dealer and Alternative Trading System and DebtMarket is a fixed income platform where users can list, purchase or sell loan portfolios. During the year ended December 31, 2010, the Company acquired 100% of TradeCapture OTC, which included technology that was used to develop the Company s mobile products. The total purchase price for these four acquisitions was $39.4 million.

4. Short-Term and Long-Term Restricted Cash

As a Recognized Investment Exchange, ICE Futures Europe is required by the FSA in the United Kingdom to restrict the use of the equivalent of six months of operating expenditures in cash or cash equivalents at all times. As of December 31, 2012 and 2011, this amount was equal to $18.1 million and $14.9 million, respectively, and is reflected as short-term restricted cash in the accompanying consolidated balance sheets. As a Recognized Clearing House, ICE Clear Europe is also required by the FSA to restrict the use of the equivalent of six months of operating expenditures in cash or cash equivalents at all times. As of December 31, 2012 and 2011, the resource requirement for ICE Clear Europe was equal to $33.7 million and $9.0 million, respectively, and is reflected as short-term restricted cash in the accompanying consolidated balance sheets. The calculations of the six months of operating expenditures at ICE Futures Europe and ICE Clear Europe are performed once a year and were completed and approved by the FSA during the quarter ended June 30, 2012. These updated calculations resulted in increases in the restricted cash balances due to FSA mandated changes in the calculations, as well as additional costs incurred at both ICE Futures Europe and ICE Clear Europe due to growth of these businesses.

On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). While many of the Dodd-Frank Act provisions have been delayed, certain provisions became effective on July 16, 2011. On that date, the Company s CFTC regulated DCM, ICE Futures U.S., and the Company s CFTC regulated DCOs, ICE Clear U.S., ICE Clear Europe, ICE Clear Credit and TCC, became subject to new core principles prescribed by the Dodd-Frank Act. As a result, the Company s DCM and DCOs are now required to maintain financial resources with a value at least equal to the amount that would cover certain operating costs for a one-year period, including maintaining cash or a committed line of credit to satisfy six months of such operating costs.

As of December 31, 2012 and 2011, the financial resources necessary to satisfy six months of such operating costs for the Company s DCM and DCOs were $67.2 million and $59.7 million, respectively, in the aggregate, of which $36.5 million and $35.5 million, respectively, was satisfied by the Company s revolving credit facility, a portion of which is reserved for use by certain of the Company s DCOs for liquidity purposes (Note 8). The remaining $30.7 million and $24.2 million as of December 31, 2012 and 2011, respectively, was recorded as short-term restricted cash in the accompanying consolidated balance sheets.

Consistent with the other clearing houses that the Company owns, ICE Clear Europe requires that each clearing member make deposits to a fund known as the guaranty fund. The amounts in the guaranty fund will serve to secure the obligations of a clearing member to ICE Clear Europe and may be used to cover losses in excess of the margin and clearing firm accounts sustained by ICE Clear Europe in the event of a default of a clearing member. ICE Clear Europe has committed $100.0 million of its own cash as part of its energy guaranty fund and this cash is reflected as long-term restricted cash in the accompanying consolidated balance sheets as of December 31, 2012 and 2011.

The Company also contributed $50.0 million to the ICE Clear Credit guaranty fund and $10.0 million to the ICE Clear Europe CDS guaranty fund, along with the contributions by clearing members. The Company s combined CDS guaranty fund contributions of $60.0 million in cash as of December 31, 2012 and 2011, which is not available for general use by the Company, has been reflected as long-term restricted cash in the accompanying consolidated balance sheets. The Company is obligated to contribute an additional $40.0 million to the ICE Clear Europe CDS guaranty fund, but the date for this required funding has not yet been determined. ICE Clear U.S., ICE Clear Canada and TCC do not contribute cash to their respective guaranty funds.

As of December 31, 2012 and 2011, there is $2.0 million and $4.2 million, respectively, of cash held as escrow for previous acquisitions that is reflected as short-term and long-term restricted cash in the accompanying consolidated balance sheets.

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5. Short-Term and Long-Term Investments

Investments consist of available-for-sale securities. As of December 31, 2012, available-for-sale securities consisted of the following (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cetip equity securities	$ 514,100	$	$ (122,755)	$ 391,345

As of December 31, 2011, available-for-sale securities consisted of the following (in thousands):

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cetip equity securities	$ 514,100	$	$ (62,964)	$ 451,136

The Company acquired 31.6 million shares, or 12%, of the common stock of Cetip, S.A. (Cetip) from two Cetip stockholders for an aggregate consideration of $514.1 million in cash on July 15, 2011. After the acquisition, the Company became the single largest stockholder in Cetip. The Company has appointed a representative to Cetip s board of directors. Cetip is a publicly traded company and is Brazil s leading operator of registration and custodial services for securities, fixed-income bonds and OTC derivatives. Cetip offers registration, custody, trading, clearing and settlement to its customers, including banks, brokerage houses, securities dealers, leasing companies, insurance companies, investment funds and pension funds.

The Company accounted for its investment in Cetip as an available-for-sale investment. As of December 31, 2012 and 2011, the fair value of the equity security investment was $391.3 million and $451.1 million, respectively, and was classified as a long-term investment in the Company s consolidated balance sheets. Changes in the fair value of available-for-sale securities are reflected in accumulated other comprehensive income, and include the effects of both stock price and foreign currency translation fluctuations. The unrealized loss as of December 31, 2011 resulted from foreign currency translation losses relating to the decrease in value of the Brazilian real relative to the U.S. dollar from July 15, 2011 through December 31, 2011 of $88.4 million, partially offset by a $25.4 million increase in the stock price of Cetip through December 31, 2011. The unrealized loss as of December 31, 2012 resulted from foreign currency translation losses relating to the decrease in value of the Brazilian real relative to the U.S. dollar from July 15, 2011 through December 31, 2012 of $118.6 million and a $4.2 million decrease in the stock price of Cetip through December 31, 2012. The Company s investment in Cetip was made in and is held in Brazilian reals. The Company evaluated the near-term prospects of Cetip in relation to the severity and duration of the unrealized loss. Based on that evaluation and the Company s ability and intent to hold this equity security investment for a reasonable period of time sufficient for a forecasted recovery of fair value, the Company does not consider this investment to be other-than-temporarily impaired as of December 31, 2012. The fair value of the securities fluctuates from quarter to quarter and the investment had an accumulated unrealized gain of $9.2 million as of March 31, 2012. Investments that the Company intends to hold for more than one year are classified as long-term investments.

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6. Property and Equipment

Property and equipment consisted of the following as of December 31, 2012 and 2011 (in thousands, except years):

	December 31, 2012	December 31, 2011	Depreciation Period (Years)
Software and internally developed software	$ 205,012	$ 170,640	3
Computer and network equipment	90,356	87,423	3 to 4
Leasehold improvements	42,136	37,168	5 to 15
Equipment and office furniture	49,236	49,562	5 to 15
	386,740	344,793	
Less accumulated depreciation and amortization	(243,348)	(213,831)	
Property and equipment, net	$ 143,392	$ 130,962	

For the years ended December 31, 2012, 2011 and 2010, amortization of software and internally developed software was $37.4 million, $33.2 million and $24.6 million, respectively, and depreciation of all other property and equipment was $24.0 million, $23.3 million and $25.5 million, respectively. The unamortized software and internally developed software balances were $64.5 million and $58.2 million as of December 31, 2012 and 2011, respectively.

7. Goodwill and Other Intangible Assets

The following is a summary of the activity in the goodwill balance for the years ended December 31, 2012 and 2011 (in thousands):

Goodwill balance at January 1, 2011	$ 1,916,055
Acquisitions	5,908
Earn-out relating to prior acquisition	13,337
Foreign currency translation	1,862
Other activity, net	(34,178)
Goodwill balance at December 31, 2011	1,902,984
Acquisitions	16,236
Foreign currency translation	18,486
Other activity, net	271
Goodwill balance at December 31, 2012	$ 1,937,977

The following is a summary of the activity in the other intangible assets balance for the years ended December 31, 2012 and 2011 (in thousands):

Other intangible assets balance at January 1, 2011	$ 890,818
Acquisitions	3,290
Russell licensing agreement amendment (Note 12)	34,368
Foreign currency translation	1,690
Amortization of other intangible assets	(75,792)

Other intangible assets balance at December 31, 2011	854,374
Acquisitions	3,900
Foreign currency translation	9,819
Amortization of other intangible assets	(69,133)
Other intangible assets balance at December 31, 2012	$ 798,960

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The Company completed the WhenTech LLC acquisition during the year ended December 31, 2012 and the Ballista Securities and DebtMarket acquisitions during the year ended December 31, 2011 (Note 3). The foreign currency translation adjustments in the tables above result from a portion of the Company s goodwill and other intangible assets being held at the Company s U.K. and Canadian subsidiaries, whose functional currencies are not the U.S. dollar. The earn-out adjustment to goodwill relates to additional stock consideration paid to the former owners of a business previously acquired by the Company based on certain market and financial targets that were met through June 30, 2011. This previous acquisition that was subject to the earn-out was originally accounted for under the provisions of FASB Statement of Financial Accounting Standards No. 141, *Business Combinations*. As of December 31, 2012, there are no remaining potential earn-out payments relating to prior acquisitions. The other activity in the goodwill balances relates to adjustments to the purchase price and related goodwill for acquisitions completed in the prior years, primarily related to adjustments for a portion of the tax benefits on share based payments, tax adjustments due to rate changes and deferred taxes. The total amount of goodwill expected to be deductible for tax purposes for the Company s acquisitions is $16.2 million as of December 31, 2012.

Other intangible assets and the related accumulated amortization consisted of the following as of December 31, 2012 and 2011 (in thousands, except years):

	December 31,		Useful Life
	2012	2011	(Years)
Customer relationships	$ 281,071	$ 279,627	3 to 20
Russell licensing rights	184,164	184,164	10
Trading products with finite lives.	256,326	246,709	20
Non-compete agreements	33,793	33,765	1 to 5
Technology	66,533	63,141	2.5 to 11
Other	4,437	4,391	2 to 5
	826,324	811,797	
Less accumulated amortization	(328,238)	(257,650)	
Total finite-lived intangible assets, net	498,086	554,147	
Trading products with indefinite-lives	216,677	216,168	
DCM/DCO designation for ICE Futures U.S.	68,300	68,300	
Other	15,897	15,759	
Total other indefinite-lived intangible assets	300,874	300,227	
Total other intangible assets, net	$ 798,960	$ 854,374	

For the years ended December 31, 2012, 2011 and 2010, amortization of other intangible assets was $69.1 million, $75.8 million and $71.0 million, respectively. Collectively, the remaining weighted average useful lives of the finite-lived intangible assets is 11.3 years as of December 31, 2012. The Company expects future amortization expense from the finite-lived intangible assets as of December 31, 2012 to be as follows (in thousands):

2013	$ 65,910
2014	61,672
2015	59,267
2016	56,639
2017	44,488
Thereafter	210,110
	$ 498,086

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8. Credit Facilities

On November 9, 2011, the Company entered into aggregate $2.6 billion senior unsecured credit facilities (the Credit Facilities) with Wells Fargo Bank, National Association (Wells Fargo), as administrative agent, issuing lender and swingline lender, Bank of America, N.A., as syndication agent, and the lenders named therein. The Credit Facilities include an option for the Company to propose an increase in the aggregate amount available by $400.0 million during the term of the Credit Facilities. The Credit Facilities consist of (i) an aggregate $500.0 million five-year senior unsecured term loan facility (the Term Loan Facility) and (ii) an aggregate $2.1 billion five-year senior unsecured multicurrency revolving credit facility (the Revolving Facility). On November 9, 2011, $487.5 million of the Term Loan Facility was borrowed. The Credit Facilities mature on November 9, 2016.

Simultaneous with entering into the Credit Facilities on November 9, 2011, the Company also entered into a note purchase agreement (the Note Purchase Agreement) with various institutional investors providing for the sale of $400.0 million aggregate principal amount of the Company s senior notes, consisting of $200.0 million of the Company s 4.13% Senior Notes, Tranche A, due November 9, 2018 (the Series A Notes) and $200.0 million of the Company s 4.69% Senior Notes, Tranche B, due November 9, 2021 (the Series B Notes, and collectively with the Series A Notes, the Senior Notes). The Senior Notes were sold in a private offering exempt from the registration provisions of the Securities Act of 1933, as amended.

On November 9, 2011, in connection with entering into the Credit Facilities and the Note Purchase Agreement, the Company terminated all of the previously outstanding credit facilities and term loans, of which $804.5 million was outstanding as of November 8, 2011. The $887.5 million in combined proceeds from the Term Loan Facility and the Senior Notes were used for the repayment of the outstanding indebtedness as of November 8, 2011, to replenish cash used in the investment in Cetip and for general corporate purposes. The outstanding indebtedness as of November 8, 2011 included $210.0 million that was borrowed in July 2011 for a portion of the cash investment in Cetip (Note 5), as well as $203.0 million that was borrowed in October 2011 for liquidity purposes for three of the Company s clearing houses in preparation for the management of the insolvency of MF Global Holdings Ltd and certain of its subsidiaries. During November 2011, the $203.0 million was repaid as it was not needed for liquidity purposes and is now available to the clearing houses again.

Outstanding principal of the loans under the Term Loan Facility is payable in equal installments of $12.5 million on the last day of each fiscal quarter for eleven consecutive fiscal quarters commencing March 31, 2012, and equal installments of $18.8 million on the last day of the next following eight fiscal quarters, with a final principal payment of $200.0 million due on the maturity date. Each loan under the Credit Facilities, including the outstanding Term Loan Facility, will bear interest on the principal amount outstanding at either (a) LIBOR plus an applicable margin rate or (b) a base rate plus an applicable margin rate; provided, however, that all loans denominated in a foreign currency will bear interest at LIBOR plus an applicable margin rate. The base rate equals the higher of (i) Wells Fargo s prime rate, (ii) the federal funds rate plus 0.50%, or (iii) the one month LIBOR rate plus 1.00%. The applicable margin rate ranges from 1.25% to 2.25% on the LIBOR loans and from 0.25% to 1.25% for the base rate loans based on the Company s total leverage ratio calculated on a trailing twelve-month period. As of December 31, 2012, the Company has a LIBOR-rate loan with a stated interest rate of 1.46% per annum, including the applicable margin rate, related to the $437.5 million that is outstanding under the Term Loan Facility. With limited exceptions, the Company may prepay the outstanding loans under the Credit Facilities, in whole or in part, without premium or penalty.

The Credit Facilities include an unutilized revolving credit commitment fee that is equal to the unused maximum revolver amount, which was $1.8 billion as of December 31, 2012, multiplied by an applicable margin rate and is payable in arrears on a quarterly basis. The applicable margin rate ranges from 0.175% to 0.40% based on the Company s total leverage ratio calculated on a trailing twelve-month period. Based on this calculation, the applicable margin rate was 0.175% as of December 31, 2012.

The entire unpaid principal amount of the Series A Notes is due on the seventh anniversary of the closing date of the Note Purchase Agreement or November 9, 2018. Interest on the Series A Notes is payable semi-annually at a fixed rate of 4.13%. The entire unpaid principal amount of the Series B Notes is due on the tenth

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anniversary of the closing date of the Note Purchase Agreement, or November 9, 2021. Interest on the Series B Notes is payable semi-annually at a fixed rate of 4.69%. The Company may optionally prepay principal upon the Senior Notes, subject to paying holders certain additional amounts as set forth in the Note Purchase Agreement. In addition, the holders may require the Company to prepay the Senior Notes upon the occurrence of certain change in control events. Aggregate principal maturities on the $887.5 million in borrowings under the Term Loan Facility and the Note Purchase Agreement are $50.0 million, $56.3 million, $75.0 million and $256.3 million in 2013, 2014, 2015 and 2016, respectively.

Under the Revolving Facility, the Company may borrow, repay and reborrow up to $1.6 billion in U.S. dollars, Euros, U.K. sterling, Canadian dollars or Japanese yen, with the remaining $472.5 million available to be borrowed, repaid and reborrowed by the Company in U.S. dollars only. During December 2012, the Company borrowed $295.0 million under the Revolving Facility for temporary borrowing capacity to facilitate intercompany transactions, leaving $1.8 billion available for borrowings as of December 31, 2012. Of the $295.0 million that was borrowed, $113.0 million was repaid by January 31, 2013 and is reflected in the current portion of long-term debt in the accompanying balance sheet as of December 31, 2012, with the remaining amount scheduled to be repaid during the first half of 2013. As the $295.0 million is repaid, the full amount of $2.1 billion will be available for borrowing under the Revolving Facility. The $295.0 million outstanding under the Revolving Facility has a stated interest rate of 1.46% per annum as of December 31, 2012, including the applicable margin rate.

Of the amounts available under the Revolving Facility: (i) $150.0 million of such amounts has been reserved to provide liquidity or required financial resources for the clearing operations of ICE Clear Europe, (ii) $100.0 million of such amounts has been reserved to provide liquidity or required financial resources for the clearing operations of ICE Clear Credit, (iii) $50.0 million of such amounts has been reserved to provide liquidity or required financial resources for the clearing operations of ICE Clear U.S., (iv) $3.0 million of such amounts has been reserved to provide liquidity or required financial resources for the clearing operations of ICE Clear Canada, and (v) the remainder, plus any portion of the proceeds no longer necessary to be reserved for the foregoing purposes, are available to us to use for working capital and general corporate purposes. From time to time, we may agree to provide additional liquidity to our subsidiaries to meet regulatory capital requirements, general corporate purposes or short term liquidity needs.

The Credit Facilities and Note Purchase Agreement contain affirmative and negative covenants, including, but not limited to, leverage and interest coverage ratios, as well as limitations or required notices or approvals for acquisitions, dispositions of assets and certain investments in subsidiaries, the incurrence of additional debt or the creation of liens and other fundamental changes to the Company s business. The Credit Facilities and the Note Purchase Agreement also contains other customary representations, warranties and covenants. As of December 31, 2012, the Company was in compliance with all applicable covenants.

The Company had previously entered into interest rate swap contracts to reduce its exposure to interest rate volatility on certain of the Company s previously outstanding term loans. These swaps were designated as cash flow hedges. The effective portion of unrealized gains or losses on derivatives designated as cash flow hedges were recorded in accumulated other comprehensive income. The unrealized gain or loss was recognized in earnings when the designated interest expense under the term loans was recognized in earnings. The amounts received under the variable component of the swaps fully offset the variable interest payments under the term loan facilities. With the two variable components offsetting, the net interest expense was equal to the fixed interest component. The Company recorded $2.9 million and $4.2 million in additional interest expense as a result of the interest rate swap contracts during the years ended December 31, 2011 and 2010, respectively. The Company currently does not have any interest rate swap contracts outstanding on any of the outstanding debt.

9. Equity

The Company currently sponsors employee and director stock option and restricted stock plans. Employee and director stock-based compensation expenses and the related income tax benefit recognized for both stock

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options and restricted stock in the accompanying consolidated statements of income for the year ended December 31, 2012 was $52.1 million and $16.0 million, respectively, was $52.9 million and $13.3 million, respectively, for the year ended December 31, 2011, and was $49.3 million and $13.5 million, respectively, for the year ended December 31, 2010. The amount expensed for the years ended December 31, 2012, 2011 and 2010 is net of $5.8 million, $5.4 million and $4.8 million, respectively, of stock-based compensation that was capitalized as software development costs.

During the years ended December 31, 2012, 2011 and 2010, the Company recognized excess tax benefits of $8.5 million, $4.7 million and $6.9 million, respectively, as an increase to the additional paid-in capital balance. Of that amount, $8.5 million, $4.3 million and $8.0 million for the years ended December 31, 2012, 2011 and 2010, respectively, were qualifying excess tax benefits that are eligible to absorb future write-offs, if any, of unrealized deferred tax assets related to stock options. The $8.5 million, $4.3 million and $8.0 million are reported as financing cash flows in the accompanying consolidated statements of cash flows for the years ended December 31, 2012, 2011 and 2010, respectively. Regarding the ordering of tax benefits to determine whether an excess tax benefit is realized, as well as to measure that excess tax benefit, the Company follows applicable tax laws and disregards indirect effects of the excess tax benefit.

Stock Option Plans

On May 14, 2009, the Company adopted the 2009 Omnibus Incentive Plan (the Incentive Plan), under which all employee restricted stock and option awards are now made. As of December 31, 2012, there are 3,700,000 shares of common stock reserved for issuance under the Incentive Plan, of which 1,848,973 shares are available for future issuance.

Stock options are granted at the discretion of the compensation committee of the board of directors. All stock options are granted at an exercise price equal to the fair value of the common stock on the date of grant. The grant date fair value is based on the closing stock price on the date of grant. The fair value of the stock options on the date of grant is recognized as expense ratably over the vesting period, net of estimated forfeitures. The Company may grant, under provisions of the plans, both incentive stock options and nonqualified stock options. The options generally vest over three years, but can vest at different intervals based on the compensation committee s determination. Generally, options may be exercised up to ten years after the date of grant, but expire either 14 or 60 days after termination of employment. The shares of common stock issued under the Company s stock option plans are made available from authorized and unissued Company common stock or treasury shares. The following is a summary of stock options for the years ended December 31, 2012, 2011 and 2010:

	Number of Options	Weighted Average Exercise Price per Option
Outstanding at January 1, 2010	1,871,028	$ 47.68
Exercised	(503,609)	24.54
Forfeited	(91,627)	48.87
Outstanding at December 31, 2010	1,275,792	56.73
Granted	123,663	112.48
Exercised	(341,554)	26.66
Forfeited	(12,157)	126.70
Outstanding at December 31, 2011	1,045,744	72.34
Granted	102,657	112.15
Exercised	(211,030)	34.57
Forfeited/Expired	(3,418)	109.68
Outstanding at December 31, 2012	933,953	85.07

As indicated in the table above, no stock options were granted by the Company during the year ended December 31, 2010. The Company had historically granted stock options and restricted stock to its existing employees annually in December. However, stock option and restricted stock awards that would have been granted in December 2010 were instead awarded in January 2011 due to the Company s decision to more closely align timing of annual equity and cash incentive awards with the annual performance review process. Stock option and restricted stock awards granted as part of the Company s annual refresher award to existing employees are expected to be granted annually in January going forward.

Details of stock options outstanding as of December 31, 2012 are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (In thousands)
Vested or expected to vest	933,953	$ 85.07	5.2	$ 41,769
Exercisable	794,264	$ 80.29	4.6	$ 40,153

The total intrinsic value of stock options exercised during the years ended December 31, 2012, 2011 and 2010 were $20.1 million, $33.3 million and $43.4 million, respectively. As of December 31, 2012, there were $4.9 million in total unrecognized compensation costs related to stock options. These costs are expected to be recognized over a weighted average period of 1.5 years as the stock options vest.

Of the options outstanding at December 31, 2012, 794,264 were exercisable at a weighted-average exercise price of $80.29. Of the options outstanding at December 31, 2011, 872,068 were exercisable at a weighted-average exercise price of $65.84. Of the options outstanding at December 31, 2010, 1,090,662 were exercisable at a weighted-average exercise price of $52.82.

The Company uses the Black-Scholes option pricing model for purposes of valuing stock option awards. As discussed above, no stock options were awarded by the Company during the year ended December 31, 2010. During the years ended December 31, 2012 and 2011, the Company used the weighted-average assumptions in the table below to compute the value of all options for shares of common stock granted to employees:

	Year Ended December 31,	
Assumptions	2012	2011
Risk-free interest rate	0.57%	1.46%
Expected life in years	4.0	4.0
Expected volatility	42%	72%
Expected dividend yield	0%	0%
Estimated weighted-average fair value of options granted per share	$ 36.96	$ 60.97

The risk-free interest rate is based on the zero-coupon U.S. Treasury yield curve in effect at the time of grant. The expected life computation is derived from historical exercise patterns and anticipated future patterns. Expected volatilities are based on historical volatility of the Company s stock.

Restricted Stock Plans

Restricted stock grants are made from the Incentive Plan and are granted at the discretion of the compensation committee of the board of directors. The Company granted a maximum of 948,625, 744,145 and 184,402 time-based and performance-based restricted stock units during the years ended December 31, 2012, 2011 and 2010, respectively, including 295,615, 285,655 and 184,402 time-based restricted stock units during the years ended December 31, 2012, 2011 and 2010, respectively. The grant date fair value of each award is based on the closing stock price at the date of grant. The fair value of the time-based restricted stock units on the date of grant is recognized as expense ratably over the vesting period, which is typically three years, net of forfeitures. Granted but unvested shares would be forfeited upon termination of employment. When restricted stock is forfeited, compensation costs previously recognized for unvested shares are reversed. Until the shares vest and are issued, the participants have no voting or dividend rights and the shares may not be sold, assigned, transferred, pledged or otherwise encumbered.

The Company recognizes compensation costs, net of forfeitures, using an accelerated attribution method over the vesting period for awards with performance conditions. Compensation costs for such awards are recognized only if it is probable that the condition will be satisfied. If the Company initially determines that it is not probable that the performance condition will be satisfied and later determines that it is probable that the performance condition will be satisfied, or vice versa, the effect of the change in estimate is accounted for in the period of change by recording a cumulative catch-up adjustment to retroactively apply the new estimate. The Company would recognize the remaining compensation costs over the remaining vesting period. The Company s compensation committee, pursuant to the terms of the Incentive Plan and the authority delegated to it by the Company s board of directors, can make equitable adjustments to the performance condition in recognition of unusual or non-recurring events.

In January 2013, the Company reserved a maximum of 449,420 restricted shares for potential issuance as performance-based restricted shares for certain Company employees. The number of shares granted under the performance awards will be based on the Company s actual financial performance as compared to financial performance targets set by the Company s board of directors and compensation committee for the year ending December 31, 2013. These restricted shares are also subject to a market condition that could reduce the number of shares that are granted above certain performance targets if the Company s 2013 total shareholder return falls below the 2013 return of the S&P 500 Index and if the Company achieved a target financial performance level or above threshold. If the Company s 2013 total shareholder return were to fall below the 2013 return of the S&P 500 Index, the reduction would be either 10% or 20% of the number of shares granted above certain performance targets, depending on the difference in the aforementioned returns. The grant date was January 11, 2013, which was the date when the Company and the employees reached a mutual understanding of award terms. January 1, 2013 is the service inception date as that is the beginning of the performance period and is the date when the requisite service period began. The maximum compensation expense to be recognized under these performance-based restricted shares is $56.1 million if the maximum financial performance target is met and 449,420 shares vest. The compensation expense to be recognized under these performance-based restricted shares will be $28.0 million if the target financial performance is met and 224,710 shares vest. The Company will recognize expense on an accelerated basis over the three-year vesting period based on the Company s quarterly assessment of the probable 2013 actual financial performance as compared to the 2013 financial performance targets. If the market condition is not achieved, compensation cost will not be affected since the grant date fair value of the award gave consideration to the probability of market condition achievement.

In January 2012, the Company reserved a maximum of 617,420 restricted shares for potential issuance as performance-based restricted shares for certain Company employees. These restricted shares were subject to a market condition that could have reduced the number of shares that were granted if the 2012 Company total shareholder return fell below that of the 2012 return of the S&P 500 Index and if the Company achieved a target financial performance level or above threshold. Although the Company s total shareholder return for the year ended December 31, 2012 was lower than the 2012 return of the S&P 500 Index, no additional share reduction was taken since the actual Company financial performance for 2012 was below the target financial performance level. Based on the Company s actual 2012 financial performance as compared to the 2012 financial performance targets, 186,049 restricted shares were granted, which resulted in $20.1 million in compensation expenses that will be expensed over the three-year accelerated vesting period, including $12.3 million that was expensed during the year ended December 31, 2012.

The grant date fair values of the January 2013, January 2012 and January 2011 awards with a market condition were estimated based on the Company s stock price on the grant date, the valuation of historical market condition awards, the relatively low likelihood that the market condition will affect the number of shares granted

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(as the market condition only affects shares granted in excess of certain financial performance targets), and management s expectation of achieving the financial performance targets. The grant date fair value of the January 2013, January 2012 and January 2011 awards, when considering the impact of the market condition on fair value, was determined to not be materially different from the Company s stock price on the respective grant dates.

Restricted shares are used as an incentive to attract and retain qualified employees and to increase shareholder returns with actual performance-based awards based on enhanced shareholder value. The Company s equity plans include a change in control provision that may accelerate vesting on both the time-based and performance-based restricted shares if the awards are not assumed by an acquirer in the case of a change in control. The following is a summary of the nonvested restricted shares under all plans discussed above for the years ended December 31, 2012, 2011 and 2010:

	Number of Restricted Stock Shares	Weighted Average Grant-Date Fair Value per Share
Nonvested at January 1, 2010	960,654	$ 97.07
Granted	184,402	104.95
Vested	(380,545)	97.84
Forfeited	(60,501)	87.62
Nonvested at December 31, 2010	704,010	99.53
Granted	532,748	114.25
Vested	(346,450)	101.13
Forfeited	(55,453)	106.43
Nonvested at December 31, 2011	834,855	107.80
Granted	497,161	115.03
Vested	(411,826)	104.43
Forfeited	(42,104)	112.59
Nonvested at December 31, 2012	878,086	113.25

Restricted stock shares granted in the table above include both time-based and performance-based grants. Performance-based shares have been adjusted to reflect the actual shares to be issued based on the achievement of past performance targets. As of December 31, 2012, there were $45.6 million in total unrecognized compensation costs related to the time-based restricted stock and the performance-based restricted stock. These costs are expected to be recognized over a weighted-average period of 1.8 years as the restricted stock vests. During the years ended December 31, 2012, 2011 and 2010, the total fair value of restricted stock vested under all restricted stock plans was $51.4 million, $41.8 million and $41.6 million, respectively.

Treasury Stock

During the years ended December 31, 2012, 2011 and 2010, the Company received 154,242 shares, 125,443 shares and 124,365 shares, respectively, of common stock from certain employees of the Company related to tax withholdings made by the Company on the employee s behalf for restricted stock and stock option exercises. The Company recorded the receipt of the shares as treasury stock. The Company also issued 54 shares and 680 shares of treasury stock during the years ended December 31, 2011 and 2010, respectively, under various restricted stock plans. Treasury stock activity is presented in the accompanying consolidated statements of changes in equity.

Stock Repurchase Program

During the years ended December 31, 2012, 2011 and 2010, the Company repurchased 416,858 shares, 1,550,810 shares and 937,500 shares, respectively, of the Company s outstanding common stock at a cost of

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$53.3 million, $175.2 million and $90.4 million, respectively. These repurchases are completed under various stock repurchase plans authorized by the Company s board of directors. The shares repurchased are held in treasury. As of December 31, 2012, there is $450.0 million in remaining capacity available under an authorized stock repurchase plan and which does not have a fixed expiration date. The Company s board of directors may increase or decrease the amount of capacity the Company has for repurchases from time to time.

The Company expects to fund any remaining share repurchases with a combination of cash on hand, future cash flows and by borrowing under the Company s Revolving Facility. The timing and extent of any additional repurchases, if any, will depend upon market conditions, the Company s stock price and the Company s strategic plans at that time. The Company is not obligated to acquire any specific number of shares and may amend, suspend or terminate the repurchase program at any time.

10. Income Taxes

Income before income taxes and the income tax provision consisted of the following for the years ended December 31, 2012, 2011 and 2010 (in thousands):

	Year Ended December 31,		
	2012	2011	2010
Income before income taxes			
Domestic	$ 232,893	$ 299,222	$ 340,591
Foreign	556,799	460,787	268,882
	$ 789,692	$ 760,009	$ 609,473
Income tax provision			
Current tax expense:			
Federal	$ 89,395	$ 93,428	$ 121,468
State	28,917	21,196	23,059
Foreign	133,920	126,545	79,979
	252,232	241,169	224,506
Deferred tax expense (benefit):			
Federal	(18,003)	(623)	(13,471)
State	1,138	363	(2,513)
Foreign	(7,412)	(2,641)	(6,816)
	(24,277)	(2,901)	(22,800)
Total income tax expense	$ 227,955	$ 238,268	$ 201,706

A reconciliation of the statutory U.S. federal income tax rate to the Company s effective income tax rate for the years ended December 31, 2012, 2011 and 2010 is as follows:

	Year Ended December 31,		
	2012	2011	2010
Statutory federal income tax rate	35%	35%	35%
State income taxes, net of federal benefit	2	2	2
Tax credits			(2)
Foreign tax rate differential	(8)	(6)	(4)
Other			2

Total provision for income taxes	29%	31%	33%

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The effective tax rates for the years ended December 31, 2012, 2011 and 2010 are lower than the federal statutory rate primarily due to favorable foreign income tax rate differentials, which are partially offset by state income taxes. Favorable foreign income tax rate differentials result primarily from lower tax rates in the United Kingdom. During the third quarter of 2011, the United Kingdom reduced the corporate income tax rate from 28% to 26% effective April 1, 2011 and to 25% effective April 1, 2012. During the third quarter of 2012, the United Kingdom further reduced the corporate income tax rate from 25% to 24% effective April 1, 2012 and to 23% effective April 1, 2013. The decrease in the effective tax rates during the last two years is primarily due to these foreign income tax rate reductions and the increase in income from foreign jurisdictions relative to the United States.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table summarizes the significant components of our deferred tax liabilities and assets as of December 31, 2012 and 2011 (in thousands):

	December 31,	
	2012	2011
Deferred tax assets:		
Deferred and stock-based compensation	$ 31,196	$ 30,291
Accrued expenses	1,163	2,447
Tax credits	1,398	9,840
NOL carryforward	23,540	26,055
Impairment losses	4,628	4,797
Other	21,759	13,354
Total	83,684	86,784
Valuation allowance	(10,942)	(15,828)
Total deferred tax assets, net of valuation allowance	72,742	70,956
Deferred tax liabilities:		
Property and equipment	(22,458)	(21,796)
Acquired intangibles	(221,786)	(241,507)
Partnership basis difference	(37,720)	(38,384)
Total deferred tax liabilities	(281,964)	(301,687)
Net deferred tax liabilities	$ (209,222)	$ (230,731)
Reported As:		
Net current deferred tax assets	6,919	3,500
Net noncurrent deferred tax assets		1,658
Net noncurrent deferred tax liabilities	(216,141)	(235,889)
Net deferred tax liabilities	$ (209,222)	$ (230,731)

The Company s non-U.S. subsidiaries had $1.4 billion in cumulative undistributed earnings as of December 31, 2012. This amount represents the post-income tax earnings under U.S. GAAP adjusted for previously taxed income. The earnings from the Company s non-U.S. subsidiaries are considered to be indefinitely reinvested. Accordingly, no provision for U.S. federal and state income taxes has been made in the accompanying consolidated financial statements. Further, a determination of the unrecognized deferred tax liability is not practicable. Any future distribution of these non-U.S. earnings may subject the Company to both U.S. federal and state income taxes, as adjusted for non-U.S. tax credits, and withholding taxes payable to various non-U.S. countries.

As of December 31, 2012 and 2011, the Company has U.S. federal net operating loss carryforwards of $48.7 million and $60.3 million, respectively, and state and local net operating loss carryforwards of $99.4 million and $68.6 million, respectively. These carryforwards are available to offset future taxable income until they begin to expire in 2018. In addition, as of December 31, 2012 and 2011, the Company has net foreign

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operating loss carryforwards of $7.9 million and $8.5 million, respectively, related primarily to Creditex s Singapore operations which are not expected to be utilized against future taxable income.

The Company recognizes valuation allowances on deferred tax assets if, based on the weight of the evidence, the Company believes that it is more likely than not that some or all of the deferred tax assets will not be realized. The Company believes the majority of its deferred tax assets will be realized because of anticipated future taxable income from operations and the reversal of certain taxable temporary differences. The Company recorded a valuation allowance for deferred tax assets of $10.9 million and $15.8 million as of December 31, 2012 and 2011, respectively. The decrease in the valuation allowance is primarily due to a write-off of deferred tax assets associated with the state research and development tax credits that have a very remote likelihood of being utilized. The valuation allowance is due to excess state tax credits and certain international and state net operating loss carryforwards that are not expected to be utilized prior to expiration and impairment losses on cost method investments expected to generate future capital tax losses.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows for the years ended December 31, 2012, 2011 and 2010 (in thousands):

	Year Ended December 31,		
	2012	**2011**	**2010**
Beginning balance of unrecognized tax benefits	$ 27,709	$ 25,977	$ 15,817
Additions (reductions) related to acquisitions		(396)	2,284
Additions based on tax positions related to current year	6,424	4,513	4,197
Additions based on tax positions related to prior years	5,278	4,388	9,570
Reductions based on tax positions related to prior years	(1,746)	(3,149)	(2,647)
Reductions resulting from statute of limitation lapses	(1,695)	(1,788)	(1,561)
Reductions related to settlements with taxing authorities	(1,496)	(1,836)	(1,683)
Ending balance of unrecognized tax benefits	$ 34,474	$ 27,709	$ 25,977

The Company recorded a net increase to unrecognized tax benefits of $6.8 million, $1.7 million and $10.2 million for the years ended December 31, 2012, 2011 and 2010, respectively. As of December 31, 2012 and 2011, the balance of unrecognized tax benefits which would, if recognized, affect the Company s effective tax rate was $24.3 million and $20.9 million, respectively. It is reasonably possible, as a result of settlements of ongoing audits or statute of limitations expirations, unrecognized tax benefits could increase as much as $13.0 million and decrease as much as $25.0 million within the next twelve months.

As discussed in Note 2, the Company changed its classification to recognize interest accrued on income tax uncertainties and accrued penalties as a component of income tax expense. The total increase to income tax expense related to unrecognized tax benefits, including interest and penalties, is $7.9 million, $2.1 million and $8.5 million for the years ending December 31, 2012, 2011 and 2010, respectively. For the years ended December 31, 2012, 2011 and 2010, the Company recognized $1.8 million, $770,000 and ($669,000), respectively, of tax expense (benefits) for interest and penalties. Accrued interest and penalties were $6.2 million and $4.9 million as of December 31, 2012 and 2011, respectively.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. With some exceptions, the Company is no longer subject to examination for U.S. federal and Illinois income tax for years ended on or before December 31, 2008, for New York and various other U.S. state, local and foreign jurisdictions income taxes for years ended on or before December 31, 2007, and for the United Kingdom for years ended on or before December 31, 2010. Certain of our U.S. state and local income tax returns are currently under examination. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, including interest and penalties, have been provided for any adjustments expected to result from open years.

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11. Clearing Organizations

The Company operates five regulated central counterparty clearing houses for the settlement and clearance of derivative contracts. ICE Clear U.S. performs the clearing and settlement of agricultural and financial futures and options contracts traded through ICE Futures U.S. and ICE Clear Canada performs the clearing and settlement for every futures and options contracts traded through ICE Futures Canada. ICE Clear Credit performs the clearing and settlement for CDS contracts submitted for clearing. ICE Clear Europe performs the clearing and settlement for every futures and options contract traded through ICE Futures Europe, for European CDS contracts submitted for clearing and, subsequent to October 15, 2012, for energy futures and options contracts trading through ICE Futures U.S (Note 1). TCC lists certain OTC benchmark treasury futures contracts. ICE Clear U.S., ICE Clear Europe, ICE Clear Canada, ICE Clear Credit and TCC are referred to herein collectively as the ICE Clearing Houses .

Each of the ICE Clearing Houses requires all clearing members to maintain cash on deposit or pledge certain assets, which may include government obligations, money market mutual fund shares, certificates of deposit, letters of credit, gold or emission allowances to guarantee performance on the clearing members open positions. Such amounts in total are known as original margin. The ICE Clearing Houses may make intraday original margin calls in circumstances where market conditions require additional protection. The daily profits and losses from and to the ICE Clearing Houses in respect of marking to market open contracts is known as variation margin . The ICE Clearing Houses mark all outstanding contracts to market, and therefore pay and collect variation margin, at least once daily, and in some cases multiple times throughout the day. Marking-to-market allows our clearing houses to identify any clearing members that may be unable to satisfy the financial obligations resulting from changes in the prices of their open contracts before those financial obligations become exceptionally large and jeopardize the ability of the ICE Clearing Houses to ensure financial performance of clearing members open positions.

Each of the ICE Clearing Houses requires that each clearing member make deposits into a fund known as a guaranty fund (Guaranty Fund), which is maintained by the relevant ICE Clearing House. These amounts serve to secure the obligations of a clearing member to the ICE Clearing House to which it has made the Guaranty Fund deposit and may be used to cover losses sustained by the respective ICE Clearing House in the event of a default of a clearing member.

For ICE Clear Canada, all income earned from investing clearing members cash deposits in the Guaranty Fund and from the cash margin deposits, and for ICE Clear U.S., all income earned from investing clearing members cash deposits in the Guaranty Fund and from the cash variation margin deposits, is retained by the respective ICE Clearing House and is included in other revenues in the accompanying consolidated statements of income. All other interest earned on the cash margin deposits, less costs incurred by the ICE Clearing Houses, is remitted by the respective ICE Clearing Houses to the clearing members. Pursuant to agreements, ICE Clear Europe has historically paid energy clearing members all interest earned on their cash margin deposits plus an additional 115 basis points on cash deposits made to the Guaranty Fund and an additional 10 basis points for cash deposits made for original margin requirements. Effective January 1, 2011, ICE Clear Europe no longer pays energy clearing members the additional 10 basis points for cash deposits made for original margin requirements and effective January 1, 2013, no longer pays energy clearing members the additional 115 basis points on cash deposits to the Guaranty Fund. These additional amounts paid to the energy clearing members are recorded net against other revenues in the accompanying consolidated statements of income.

Each of the ICE Clearing Houses has equal and offsetting claims to and from their respective clearing members on opposite sides of each cleared contract; this allows the ICE Clearing Houses to serve as the central financial counterparty on every cleared contract. Each ICE Clearing House bears financial counterparty credit risk in the event that market movements create conditions that lead to its clearing members failing to meet their financial obligations to that ICE Clearing House. Accordingly, the ICE Clearing Houses account for this central counterparty guarantee as a performance guarantee. Given that each contract is margined and settled on at least a daily basis for each clearing member, the ICE Clearing Houses maximum estimated exposure for this guarantee,

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excluding the risk management program discussed below, is $38.9 billion as of December 31, 2012, which represents the maximum estimated value by the ICE Clearing Houses of a hypothetical one day movement in pricing of the underlying unsettled contracts. This amount is based on calculations determined using proprietary risk management software that simulates gains and losses based on historical market prices, volatility and other factors present at that point in time for those particular unsettled contracts. Future actual market price volatility could result in the exposure being significantly different than the amount estimated by the ICE Clearing Houses. The net notional value of unsettled contracts was $2.4 trillion as of December 31, 2012. The Company performed calculations to determine the fair value of its counterparty performance guarantee taking into consideration factors such as daily settlement of contracts, margining requirements, other elements of the Company s risk management program, historical evidence of default payments, and estimated probability of potential default payouts by the ICE Clearing Houses. Based on these analyses, the estimated counterparty performance guaranty liability was determined to be nominal and no liability was recorded as of December 31, 2012 and 2011.

The ICE Clearing Houses seek to reduce their exposure through a risk management program that includes initial and ongoing financial standards for clearing member admission and continued membership, original and variation margin requirements, and mandatory deposits to the Guaranty Fund. The amounts that the clearing members are required to maintain in the original margin and Guaranty Fund accounts are determined by standardized parameters established by the margin or risk committees, risk management departments and the boards of directors of each of the ICE Clearing Houses and may fluctuate over time. As of December 31, 2012 and 2011, the ICE Clearing Houses have received or have been pledged $51.4 billion and $52.5 billion, respectively, in cash and non-cash collateral in original margin, unsettled variation margin, performance collateral for delivery and Guaranty Fund deposits to cover price movements of underlying contracts. The ICE Clearing Houses also have powers of assessment that provide the ability to collect additional funds from their clearing members to cover a defaulting member s remaining obligations up to the limits established under the respective rules of each ICE Clearing House.

Should a particular clearing member fail to deposit original margin, or to make a variation margin payment, when and as required, the relevant ICE Clearing House may liquidate or hedge the clearing member s open positions and use the clearing member s original margin and Guaranty Fund deposits to make up the amount owed. In the event that those deposits are not sufficient to pay the amount owed in full, the ICE Clearing Houses may utilize the respective Guaranty Fund deposits of all clearing members on a pro-rata basis for that purpose. The Company has contributed $110.0 million and $50.0 million to the ICE Clear Europe and ICE Clear Credit Guaranty Funds, respectively, as of December 31, 2012 and such amounts are at risk and could be used in the event of a clearing member default where the amount of the defaulting clearing member s original margin and Guaranty Fund deposits are insufficient.

For ICE Clear Europe, if an energy clearing member s deposits are depleted and a default occurs, then a $100.0 million contribution made by the Company to ICE Clear Europe would be utilized. The $100.0 million is solely available in the event of an ICE Clear Europe energy clearing member default, and $50.0 million of the $100.0 million will be utilized after the available funds of the defaulting member but before all other amounts within the ICE Clear Europe energy Guaranty Fund. If additional cash is required to settle positions, the remaining $50.0 million will be called pro rata along with other non-defaulting ICE Clear Europe energy clearing members deposits in the ICE Clear Europe energy Guaranty Fund.

The Company has contributed $50.0 million to the ICE Clear Credit Guaranty Fund and $10.0 million to the ICE Clear Europe CDS Guaranty Fund as of December 31, 2012. The Company is obligated to increase the contribution to the ICE Clear Europe CDS Guaranty Fund up to $50.0 million, but the timing for the remaining $40.0 million in contributions has not yet been determined. The first $25.0 million, to the extent required to be contributed at such time, contributed to each of the ICE Clear Credit Guaranty Fund and ICE Clear Europe CDS Guaranty Fund will be utilized after the available funds of the defaulting CDS clearing member but before all other amounts within the Guaranty Funds. The additional $25.0 million, to the extent required to be contributed at such time, contributed to each of the ICE Clear Credit Guaranty Fund and ICE Clear Europe CDS Guaranty

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Funds will be utilized pro-rata along with other non-defaulting CDS clearing members deposits in the respective Guaranty Funds.

As of December 31, 2012, original margin, unsettled variation margin, Guaranty Fund and performance collateral for delivery cash deposits are as follows for the ICE Clearing Houses (in thousands):

	ICE Clear U.S.	ICE Clear Europe	ICE Clear Canada	ICE Clear Credit	TCC	Total
Original margin	$ 1,322,955	$ 13,257,547	$ 27,525	$ 12,052,111	$ 1,005	$ 26,661,143
Unsettled variation margin	22,045					22,045
Guaranty Fund	24,040	2,734,423	14,920	2,414,324	4,570	5,192,277
Performance collateral for delivery		8	7,020			7,028
Total	$ 1,369,040	$ 15,991,978	$ 49,465	$ 14,466,435	$ 5,575	$ 31,882,493

As of December 31, 2011, original margin, unsettled variation margin, Guaranty Fund and performance collateral for delivery cash deposits are as follows for the ICE Clearing Houses (in thousands):

	ICE Clear U.S.	ICE Clear Europe	ICE Clear Canada	ICE Clear Credit	TCC	Total
Original margin	$ 976,363	$ 13,667,226	$ 36,870	$ 8,569,630	$ 21,222	$ 23,271,311
Unsettled variation margin	8,680				143	8,823
Guaranty Fund	47,654	2,919,401	15,905	5,284,099	6,772	8,273,831
Performance collateral for delivery			1,866			1,866
Total	$ 1,032,697	$ 16,586,627	$ 54,641	$ 13,853,729	$ 28,137	$ 31,555,831

The Company has recorded these cash deposits in the accompanying consolidated balance sheets as current assets with corresponding current liabilities to the clearing members of the relevant ICE Clearing House. All cash, securities and letters of credit are available only to meet the financial obligations of that clearing member to the relevant ICE Clearing House. ICE Clear U.S., ICE Clear Europe, ICE Clear Canada, ICE Clear Credit and TCC are separate legal entities and are not subject to the liabilities of the other ICE Clearing Houses or the obligations of the members of the other ICE Clearing Houses. The amount of these cash deposits may fluctuate due to the types of margin collateral choices available to clearing members and the change in the amount of deposits required. As a result, these assets and corresponding liabilities may vary significantly over time.

Of the $16.0 billion total cash deposits for ICE Clear Europe as of December 31, 2012, which are primarily held in U.S. dollars or euros, $9.6 billion relates to futures products and $6.4 billion relates to cleared OTC European CDS contracts. ICE Clear Europe offers a separate clearing platform, risk model and risk pool for futures products that is distinct from those associated with cleared OTC European CDS contracts.

The total ICE Clear Europe Guaranty Fund balance as of December 31, 2012 is $3.1 billion, which includes the $110.0 million that ICE Clear Europe has committed of its own cash and which is included in long-term restricted cash in the accompanying consolidated balance sheet, and the remaining amount is Guaranty Fund cash and non-cash asset deposits from clearing members. The total ICE Clear Credit Guaranty Fund balance as of December 31, 2012 is $3.1 billion, which includes the $50.0 million that ICE Clear Credit has committed of its own cash and which is included in long-term restricted cash in the accompanying consolidated balance sheet, and the remaining amount is Guaranty Fund cash and non-cash deposits from clearing members.

The $14.5 billion of ICE Clear Credit cash deposits as of December 31, 2012 primarily represents funds invested under reverse repurchase agreements with several counterparty banks, none of which are clearing

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members, through a third party custodian bank. Under these arrangements, ICE Clear Credit purchases U.S. Treasury securities and other U.S. securities and the various counterparties agree to repurchase the instruments the following business day at a set price, plus interest. Of the $16.0 billion of ICE Clear Europe cash deposits as of December 31, 2012, $15.9 billion represent funds invested under reverse repurchase agreements, through a third party custodian bank, with several different counterparty banks, some of which are also our clearing members and are large, commercial financial institutions. Under these arrangements, ICE Clear Europe primarily purchases U.S. Treasury securities and certain sovereign debt obligations from the seven largest industrialized nations, and the various counterparties agree to repurchase the instruments on the set repurchase date at the set repurchase price, plus interest. The carrying value of these securities approximates their fair value due to the short-term nature of the instruments. The remaining cash deposits at the ICE Clearing Houses are held in demand deposit accounts at various financial institutions.

At the expiration of certain contracts that require physical delivery, ICE Clear Europe collects cash from a clearing member until the physical delivery has been made to the other clearing member. ICE Futures Canada collects cash from merchant participants that have made delivery as indemnification, and holds this cash in trust until the shipment process has been completed. These cash deposits are referred to as performance collateral for delivery and the amounts vary from month to month depending on when the physical contracts expire.

In addition to the cash deposits for original margin, unsettled variation margin, and the Guaranty Fund, the ICE Clearing Houses have also received other assets from clearing members, which may include government obligations, money market mutual fund shares, certificates of deposit, letters of credit, gold or emission allowances to mitigate its credit risk. These assets are not reflected in the accompanying consolidated balance sheets as the risks and rewards of these assets remain with the clearing members. These assets are held in safekeeping and any interest and gain or loss accrues to the clearing member. For certain non-cash deposits, the ICE Clearing Houses may impose haircut rates to ensure adequate collateral levels to account for fluctuations in the market value of these deposits.

ICE Clear Europe has historically paid energy clearing members all interest earned on their non-cash margin deposits plus an additional 50 basis points on non-cash deposits made to the Guaranty Fund and ICE Clear Europe charges energy clearing members 5 basis points for non-cash deposits made for original margin requirements. Effective January 1, 2013, ICE Clear Europe no longer pays energy clearing members the additional 50 basis points for non-cash deposits made to the Guaranty Fund and instead began charging them 5 basis points. ICE Clear Europe pays CDS clearing members all interest earned on their non-cash margin deposits and charges CDS clearing members 5 basis points for all non-cash deposits, including original margin and Guaranty Fund requirements. The amounts paid to the clearing members are recorded net against other revenues in the accompanying consolidated statements of income and the cash and non-cash related payments were $493,000, $435,000 and $7.9 million for the years ended December 31, 2012, 2011 and 2010, respectively.

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As of December 31, 2012 and 2011, the assets pledged by the clearing members as original margin and Guaranty Fund deposits for each of the ICE Clearing Houses are detailed below (in thousands):

	As of December 31, 2012					As of December 31, 2011				
	ICE Clear U.S.	ICE Clear Europe	ICE Clear Canada	TCC	ICE Clear Credit	ICE Clear U.S.	ICE Clear Europe	ICE Clear Canada	TCC	ICE Clear Credit
Original margin:										
Government securities at face value	$ 5,778,842	$ 6,384,390	$ 81,693	$	$ 3,959,997	$ 9,266,096	$ 5,540,494	$ 70,575	$ 46,350	$ 1,082,455
Money market mutual funds	1,027,690					1,343,153				
Letters of credit		967,500	4,516				2,437,300	4,409		
Gold		126,464					116,356			
Total	$ 6,806,532	$ 7,478,354	$ 86,209	$	$ 3,959,997	$ 10,609,249	$ 8,094,150	$ 74,984	$ 46,350	$ 1,082,455
Guaranty Fund:										
Government securities at face value	$ 250,282	$ 247,003	$ 45,664	$ 2,562	$ 652,877	$ 175,868	$ 274,591	$ 26,553	$ 7,222	$ 495,687
Money market mutual funds	20,768					14,614				
Total	$ 271,050	$ 247,003	$ 45,664	$ 2,562	$ 652,877	$ 190,482	$ 274,591	$ 26,553	$ 7,222	$ 495,687

The government securities included in the table above for ICE Clear Europe include Spanish and Italian treasury securities against which ICE Clear Europe has applied haircut rates in accordance with its policies, as described above. The market value of these Spanish and Italian treasury securities was $361.6 million and $413.0 million, respectively, as of December 31, 2012, down from $1.2 billion and $2.3 billion, respectively, as of December 31, 2011.

ICE Clear U.S. and the Options Clearing Corporation (OCC) have entered into a cross-margin agreement, whereby a common clearing firm, or a pair of affiliated clearing firms, may maintain a cross-margin account in which positions in certain of ICE Clear U.S. s futures and options are combined with certain positions cleared by OCC for purposes of calculating margin requirements of the clearing firms. The margin deposits are held jointly by ICE Clear U.S. and OCC. Cross-margin cash, securities and letters of credit jointly held with OCC under the cross-margin agreement are reflected at 50% of the total, or ICE Clear U.S. s proportionate share, in accordance with the agreement. As of December 31, 2012, the margin deposits in the joint account were $34.5 million of which $17.3 million is ICE Clear U.S. s proportionate share and is reflected above in the pledged asset margin balance. Clearing firms maintain separate margin requirements with each clearing house. Depending on the impact resulting from offsetting positions between ICE Clear U.S. and OCC, each clearing house may reduce that firm s margin requirements. Cross margin deposits are held in a joint custody account controlled by ICE Clear U.S. and OCC. If a participating firm defaults, the gain or loss on the liquidation of the firm s open position and the proceeds from the liquidation of the cross-margin account will be split 50% each to ICE Clear U.S. and OCC. The cross-margining arrangement reduces capital costs for clearing firms and eligible customers. The agreement permits a participating clearing house to recognize a clearing firm s open positions at another participating clearing house, and clearing firms are able to offset risks of positions held at one clearing house against those held at another participating clearing house, with respect to particular accounts.

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12. Commitments and Contingencies

Leases

The Company leases office space, equipment facilities and certain computer equipment. The Company s leases typically contain terms which may include renewal options, rent escalations, rent holidays and leasehold improvement incentives. The Company had no capital leases as of December 31, 2012 and 2011. As of December 31, 2012, future minimum lease payments under these noncancelable operating agreements are as follows (in thousands):

2013	$ 21,620
2014	23,382
2015	19,287
2016	17,077
2017	16,985
Thereafter	143,184
Total	$ 241,535

Russell Licensing Agreement

The Company has an exclusive license agreement (the License Agreement) with the Russell Investment Group (Russell) to offer futures and options on futures contracts based on the full range of Russell s benchmark U.S. equity indexes through June 2017. In exchange for its license rights, the Company will make annual cash payments based on the annual traded contract volumes, subject to certain minimum annual royalty payments through the expiration of the agreement in June 2017. The Company has recorded the license rights as intangible assets, which were valued based on the net present value of all minimum annual royalty payments that the Company is required to make to Russell throughout the term of the agreement. As of December 31, 2012 and 2011, the net assets related to the License Agreement are $85.8 million and $104.8 million, respectively, and are included in other intangible assets in the accompanying consolidated balance sheets. The intangible assets are being amortized on a straight-line basis over their contractual life. For the years ended December 31, 2012, 2011 and 2010, amortization expense related to the License Agreement was $19.1 million, $20.2 million and $25.9 million, respectively.

Because the Company is required to make minimum annual royalty payments to maintain the Russell license rights, the Company has recorded a liability based on the net present value of the total required minimum royalty payments as of the effective date of the License Agreement. As of December 31, 2012, the current and noncurrent liabilities relating to the minimum annual royalty payments under the License Agreement are $19.2 million and $63.7 million, respectively, and are reflected as licensing agreement liabilities in the accompanying consolidated balance sheet. The difference between the present value of the minimum annual payments and the actual minimum annual payments is recorded as interest expense using the effective interest method over the term of the License Agreement. For the years ended December 31, 2012, 2011 and 2010, interest expense related to the License Agreement was $5.4 million, $6.1 million and $5.0 million, respectively.

Employment Agreements

The Company has entered into employment agreements with all of its corporate officers. If the corporate officers are terminated without cause, the employment agreements result in separation payments ranging from six months to three years of the corporate officer s annual base salary. In some cases, the employment agreements also stipulate an additional payment for bonus compensation for the balance of the term of the employment agreement. Also, certain employment agreements have provisions that provide for termination payments following a change of

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control and corresponding loss of employment, which generally provide for base salary, bonus payment, benefits continuation for the full term of the employment agreement (ranging from one to three years), gross up payment for any excise taxes due under Section 4999 of the Internal Revenue Code of 1986 and the acceleration of vesting of any stock options granted after the execution of the employment agreements. The Company s U.K. subsidiaries, in accordance with normal U.K. practice, have entered into employment agreements with all of its employees. The employment agreements require a severance notice ranging from one to six months.

Legal Proceedings

On August 5, 2011, the Company announced that it will be ceasing operations of the CCFE, an emissions futures exchange that it acquired as part of the acquisition of CLE in July 2010. On December 14, 2011, a group of twenty-four plaintiffs who hold trading privileges (a right to trade at a discount) at CCFE filed suit against CCFE and CLE, together with two current and one former employee of those entities, claiming that they were defrauded in connection with the purchase of their trading privileges at CCFE and that the sales of such privileges were made in violation of the Illinois Consumer Fraud and Deceptive Business Practices Act. The plaintiffs seek the return of amounts paid for their trading privileges, the lost value of their trading privileges, punitive damages and interest. During the first quarter of 2012, the plaintiffs filed an amended complaint to add twenty-one new plaintiffs to the lawsuit and dropped one of the Company s subsidiaries as a corporate defendant. The Company is currently in the discovery phase of this litigation. A second complaint was filed by five additional CCFE trading privilege holders on January 25, 2013, alleging substantively similar claims that CCFE together with two current and one former employee defrauded plaintiffs in connection with the purchase of CCFE trading privileges. The Company does not believe the allegations in the complaints to be meritorious, and intends to defend them vigorously.

Following the announcement of the execution of the acquisition agreement to acquire NYSE Euronext on December 20, 2012, the first of eight putative stockholder class action complaints was filed in the Court of Chancery of the State of Delaware (the Delaware Actions) by purported stockholders challenging the proposed acquisition. Additionally, on December 21, 2012, the first of four similar putative stockholder class action complaints was filed in the Supreme Court of the State of New York (the New York Actions) by purported stockholders of NYSE Euronext. The Delaware Actions are captioned *Cohen v. NYSE Euronext, et al.*, C.A. No. 8136-CS, *Mayer v. NYSE Euronext, et al.*, C.A. No. 8167-CS, *Southeastern Pennsylvania Transportation Authority v. Hessels, et al.*, No. 8172-CS, *Louisiana Municipal Police Employees Retirement System v. NYSE Euronext, et al.*, No. 8183-CS, *Sheet Metal Workers Pension Fund of Local Union 19 v. Hessels, et al.*, No 8202-CS, *Winkler v. NYSE Euronext, et al.*, No. 8209-CS, *Nardone v. Hessels, at al., C.A. No. 8211-CS, and LBBW Asset Management Investmentgesellschaft MBH, C.A. No. 8224-CS. The New York actions are captioned Graff v. Hessels, et al., No. 654519, Himmerl v. NYSE Euronext, et al., No. 654576/2012, N.J. Carpenters Pension Fund v. NYSE Euronext, et al., No. 654496 and KT Invs. II, LLC v. Niederauer, et al., No. 654515.*

The Delaware and New York Actions are very similar. All twelve actions name the Company as a defendant and also name NYSE Euronext and the members of its board of directors as defendants. Certain of the actions also name Baseball Merger Sub, LLC, which is a wholly-owned subsidiary of the Company that was created for purposes of this acquisition. All twelve complaints allege that the members of the NYSE Euronext board of directors breached their fiduciary duties by agreeing to an acquisition agreement that undervalues NYSE Euronext. Among other things, plaintiffs allege that the members of the NYSE Euronext board of directors failed to maximize the value of NYSE Euronext to its public stockholders, negotiated a transaction in their best interests to the detriment of the NYSE Euronext public stockholders, and agreed to supposedly preclusive deal protection measures that unfairly deter competitive offers. The Company (and, in some of the actions, NYSE Euronext and/or Baseball Merger Sub) are alleged to have aided and abetted the breaches of fiduciary duty by the members of the NYSE Euronext board of directors. The lawsuits seek, among other things, (i) an injunction enjoining the consummation of the acquisition; and/or (ii) rescission of the acquisition, to the extent already implemented, or alternatively rescissory damages. Certain of the actions seek an injunction prohibiting the Company and NYSE Euronext from initiating any defensive measures.

On January 16, 2013, three of the plaintiffs in the Delaware Actions, Southeastern Pennsylvania Transportation Authority, Louisiana Municipal Police Employees Retirement System and Sheet Metal Workers

Pension Fund of Local Union 19, jointly moved for expedited proceedings. The motion to expedite requests an expedited schedule and the setting of a hearing on a motion for a preliminary injunction in advance of the stockholder vote on the merger. On January 17, 2013, Plaintiffs Southeastern Pennsylvania Transportation Authority, Louisiana Municipal Police Employees Retirement System, Sheet Metal Workers Pension Fund and Welfare Fund of Local Union 19, and LBBW Asset Management Investmentgesellschaft MBH moved for consolidation and appointment of lead plaintiffs and lead counsel in the Delaware Actions. On January 25, 2013, Plaintiff John and Patricia Mayer cross moved for appointment as lead or co-lead plaintiffs and approval of their selection of lead counsel. By Order dated January 29, 2013, the Court of Chancery consolidated the Delaware Actions and appointed lead plaintiffs and lead counsel. On January 31, 2013, lead plaintiffs filed a consolidated amended complaint which, among other things, adds allegations contending that the preliminary proxy statement filed by NYSE Euronext contains misstatements or omissions regarding the transaction and the firm s business prospects.

On January 3, 2013, the plaintiffs in the New York Actions moved for consolidation and appointment lead counsel in the New York Actions. On January 28, 2013, the court entered an Order consolidating the New York Actions and appointing lead counsel. On January 30, 2013, the defendants moved to dismiss or stay the New York Actions based upon, among other things, the substantially identical, earlier filed Delaware proceedings. That motion remains pending.

The Company believes the allegations in the complaints in the Delaware Actions and the New York Actions are without merit, and intend to defend them vigorously.

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. However, the Company does not believe that the resolution of these matters, including the matters specifically discussed above, will have a material adverse effect on the Company s consolidated financial condition, results of operations, or liquidity. It is possible, however, that future results of operations for any particular quarterly or annual period could be materially and adversely affected by any new developments relating to the legal proceedings and claims.

Tax Audits

The Company is engaged in ongoing discussions and audits with taxing authorities on various tax matters, the resolutions of which are uncertain. Currently, there are matters that may lead to assessments involving the Company or one of its subsidiaries, some of which may not be resolved for several years. Based on currently available information, the Company believes it has adequately provided for any assessments that could result from those proceedings where it is more likely than not that the Company will be assessed. The Company continuously reviews its positions as these matters progress.

13. Employee Benefit Plans

The Company s U.K.-based subsidiaries have a defined contribution pension plan for eligible employees. The Company contributes a percentage of the employee s base salary to the plan each month and employees are also able to make additional voluntary contributions, subject to plan and statutory limits. The Company s contribution ranges from 10% to 20% of the employee s base salary. Total pension contributions made by the Company for the years ended December 31, 2012, 2011 and 2010 were $2.4 million, $2.1 million and $1.8 million respectively. The employees of the Company s U.S.-based subsidiaries are eligible to participate in the Company s 401(k) and Profit Sharing Plan (the 401(k) Plan). The Company offers a match of 100% of the first 5% of the eligible employee s compensation contributed to the 401(k) Plan, subject to plan and statutory limits. Total matching contributions under the Company s 401(k) Plan and for other 401(k) plans that are no longer active were $4.0 million, $4.5 million and $3.3 million, respectively, for the years ended December 31, 2012, 2011 and 2010. No discretionary or profit sharing contributions were made during the years ended December 31, 2012, 2011 or 2010.

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14. Fair Value Measurements

The Company s financial instruments consist primarily of cash and cash equivalents, short-term and long-term restricted cash, long-term investments, customer accounts receivable, margin deposits and guaranty funds, cost and equity method investments, short-term and long-term debt and other short-term assets and liabilities. The fair value of the Company s financial instruments are measured based on a three-level hierarchy:

Level 1 inputs quoted prices for identical assets or liabilities in active markets.

Level 2 inputs observable inputs other than Level 1 inputs such as quoted prices for similar assets and liabilities in active markets or inputs other than quoted prices that are directly observable.

Level 3 inputs unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In general, the Company uses Level 1 inputs to determine fair value. The Level 1 inputs consist of long-term investments in equity securities. If quoted prices are not available to determine fair value, the Company uses other inputs that are observable either directly or indirectly. As of December 31, 2012, the fair value of the Company s $400.0 million Senior Notes is $424.2 million and this fair value is estimated based on quoted prices for those or similar instruments. The fair value of the Company s other short-term and long-term debt approximates the carrying value since the rates of interest on the debt approximate market rates as of December 31, 2012 and 2011. The fair value of the Company s short-term and long-term debt approximates the carrying value since the rates of interest on the debt approximates market rates as of December 31, 2012 and 2011. All other financial instruments are determined to approximate carrying value due to the short period of time to their maturities.

Financial assets and liabilities recorded in the accompanying consolidated balance sheets as of December 31, 2012 and 2011 are classified in their entirety based on the lowest level of input that is significant to the asset or liability s fair value measurement. Financial instruments measured at fair value on a recurring basis as of December 31, 2012 are as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Long-term investments in equity securities	$ 391,345	$	$	$ 391,345

Financial instruments measured at fair value on a recurring basis as of December 31, 2011 are as follows (in thousands):

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Long-term investments in equity securities	$ 451,136	$	$	$ 451,136

The Company acquired 31.6 million shares, or 12%, of the common stock of Cetip for an aggregate consideration of $514.1 million in cash on July 15, 2011 (Note 5). The Company did not use Level 2 or 3 inputs to determine the fair value of assets or liabilities measured at fair value on a recurring basis as of December 31, 2012 and 2011. The Company measures certain assets, such as intangible assets and cost and equity method investments, at fair value on a non-recurring basis. These assets are recognized at fair value if they are deemed to be impaired. As of December 31, 2012 and 2011, none of these assets were required to be recorded at fair value since no impairment indicators were present. Cost and equity method investments were $9.9 million and $11.1 million as of December 31, 2012 and 2011, respectively.

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15. Geographical Information

The following represents the Company s revenues, net assets and property and equipment based on the geographic location (in thousands):

Geographic areas:

	United States	International	Total
Revenues:			
Year ended December 31, 2012	$ 714,965	$ 648,000	$ 1,362,965
Year ended December 31, 2011	$ 682,681	$ 644,810	$ 1,327,491
Year ended December 31, 2010	$ 647,371	$ 502,573	$ 1,149,944
Net assets:			
As of December 31, 2012	$ 2,280,631	$ 1,395,927	$ 3,676,558
As of December 31, 2011	$ 1,903,424	$ 1,258,917	$ 3,162,341
Property and equipment, net:			
As of December 31, 2012	$ 130,018	$ 13,374	$ 143,392
As of December 31, 2011	$ 120,534	$ 10,428	$ 130,962

No customers or clearing members accounted for more than 10% of the Company s consolidated revenues for the years ended December 31, 2012, 2011 and 2010.

16. Earnings Per Common Share

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per common share computations for the years ended December 31, 2012, 2011 and 2010 (in thousands, except per share amounts):

	Year Ended December 31,		
	2012	2011	2010
Basic:			
Net income attributable to IntercontinentalExchange, Inc.	$ 551,576	$ 509,673	$ 398,298
Weighted average common shares outstanding	72,712	73,145	73,624
Basic earnings per common share	$ 7.59	$ 6.97	$ 5.41
Diluted:			
Weighted average common shares outstanding	72,712	73,145	73,624
Effect of dilutive securities:			
Stock options and restricted stock	654	750	852
Diluted weighted average common shares outstanding	73,366	73,895	74,476
Diluted earnings per common share	$ 7.52	$ 6.90	$ 5.35

Basic earnings per common share is calculated using the weighted average common shares outstanding during the period. Common equivalent shares from stock options and restricted stock awards, using the treasury stock method, are also included in the diluted per share calculations unless the effect of their inclusion would be antidilutive. During the years ended December 31, 2012, 2011 and 2010, 228,000, 242,000 and 229,000 outstanding stock options, respectively, were not included in the computation of diluted earnings per common share, because to do so would have had an antidilutive effect because the outstanding stock option exercise prices were greater than the average market price of the common shares during the relevant periods. As of

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December 31, 2012 and 2011, there are 20,000 and 19,000 restricted stock units, respectively, that were vested but have not been issued that are included in the computation of basic and diluted earnings per share.

17. Quarterly Financial Data (Unaudited)

The following table has been prepared from the financial records of the Company, and reflects all adjustments that are, in the opinion of management, necessary for a fair presentation of the results of operations for the interim periods presented (in thousands, except per share amounts):

	1st Qtr	2nd Qtr(a)	3rd Qtr(a)	4th Qtr
Year Ended December 31, 2012				
Revenues	$ 365,194	$ 351,213	$ 323,187	$ 323,371
Operating income	225,182	215,416	194,051	192,366
Net income attributable to IntercontinentalExchange, Inc.	147,865	143,157	131,082	129,472
Earnings per common share(a):				
Basic	$ 2.04	$ 1.97	$ 1.80	$ 1.78
Diluted	$ 2.02	$ 1.95	$ 1.79	$ 1.76
Year Ended December 31, 2011				
Revenues	$ 334,280	$ 325,218	$ 340,778	$ 327,215
Operating income	203,323	190,882	204,049	194,808
Net income attributable to IntercontinentalExchange, Inc.	128,904	121,365	132,631	126,773
Earnings per common share(a):				
Basic	$ 1.76	$ 1.65	$ 1.81	$ 1.75
Diluted	$ 1.74	$ 1.64	$ 1.80	$ 1.73

(a) The annual earnings per common share may not equal the sum of the individual quarter s earnings per common share due to rounding.

18. Subsequent Events

The Company has evaluated subsequent events and determined that no events or transactions met the definition of a subsequent event for purposes of recognition or disclosure in the accompanying consolidated financial statements.

ITEM 9. ***CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE***
None.

ITEM 9 (A). ***CONTROLS AND PROCEDURES***
(a) *Evaluation of Disclosure Controls and Procedures.* As of the end of the period covered by this report, an evaluation was carried out by our management, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) *Management s Annual Report on Internal Control over Financial Reporting and the Attestation Report of the Independent Registered Public Accounting Firm.* Management s report on its assessment of the effectiveness of our internal control over financial reporting as of December 31, 2012 and the attestation report of Ernst & Young LLP on our internal control over financial reporting are set forth in Part II, Item 8 of this Annual Report on Form 10-K.

(c) *Changes in Internal Controls over Financial Reporting.* There were no changes in our internal controls over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. As a result, no corrective actions were taken.

ITEM 9 (B). ***OTHER INFORMATION***
Not applicable.

PART III

ITEM 10. ***DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE***
Information relating to our Board of Directors set forth under the caption Item 1 Election of Directors Nominees for Election as Directors at the 2013 Annual Meeting in our Proxy Statement for our 2013 Annual Meeting of Stockholders (2013 Proxy Statement) is incorporated herein by reference. Information relating to our executive officers is, pursuant to Instruction 3 of Item 401(b) of Regulation S-K and General Instruction G(3) of Form 10-K, set forth at Part I, Item 4(A) of this Annual Report on Form 10-K under the caption Executive Officers of IntercontinentalExchange, Inc. Information regarding compliance by our directors and executive officers and owners of more than ten percent of our Common Stock with the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended (Item 405 of Regulation S-K), set forth under the caption Section 16(a) of the Securities Exchange Act Beneficial Ownership Reporting Compliance in the 2013 Proxy Statement is incorporated herein by reference. Information relating to our financial expert serving on our Audit Committee (Item 407(d)(5) of Regulation S-K), our Nominating and Corporate Governance Committee (Item 407(c)(3) of Regulation S-K), and our Audit Committee (Item 407(d)(4) of Regulation S-K) is set forth under the caption Meetings and Committees of the Board of Directors in our 2013 Proxy Statement and is incorporated herein by reference.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics, which applies to all of our employees, officers and directors. Our Code of Business Conduct and Ethics meets the requirements of a code of ethics as defined

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by Item 406 of Regulation S-K, and applies to our Chief Executive Officer and Chief Financial Officer (who is the principal financial and principal accounting officer), as well as all other employees, as indicated above. Our Code of Business Conduct and Ethics also meets the requirements of a code of ethics and business conduct under the New York Stock Exchange listing standards. Our Code of Business Conduct and Ethics is available on our website at *www.theice.com* under the heading About ICE, Investors & Media, then Corporate Governance. We will also provide a copy of the Code of Business Conduct and Ethics to stockholders at no charge upon written request.

ITEM 11. ***EXECUTIVE COMPENSATION***

Information relating to executive compensation set forth under the captions Item 1 Election of Directors Non-Employee Directors Compensation , Compensation Discussion & Analysis and Compensation Committee Interlocks and Insider Participation in our 2013 Proxy Statement is incorporated herein by reference, except for the information set forth in the section entitled Compensation Committee Report , which specifically is not so incorporated by reference.

ITEM 12. ***SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS***

Information regarding ownership of our common stock by certain persons as set forth under the caption Security Ownership of Certain Beneficial Owners and Management in our 2013 Proxy Statement is incorporated herein by reference. In addition, information in tabular form relating to securities authorized for issuance under our equity compensation plans is set forth under the caption Equity Compensation Plan Information in this Annual Report on Form 10-K and Equity and Employee Benefit Plans as described in Notes 9 and 13 to our consolidated financial statements in this Annual Report on Form 10-K.

ITEM 13. ***CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE***

Information regarding certain relationships and transactions between our company and certain of our affiliates as set forth under the caption Certain Relationships and Related Transactions in our 2013 Proxy Statement is incorporated herein by reference. In addition, information regarding our directors independence (Item 407(a) of Regulation S-K) as set forth under the caption Item 1 Election of Directors Nominees for Election as Directors at the 2013 Annual Meeting in our 2013 Proxy Statement is incorporated herein by reference.

ITEM 14. ***PRINCIPAL ACCOUNTANT FEES AND SERVICES***

Information regarding principal accountant fees and services of our independent registered public accounting firm, Ernst & Young LLP, is set forth under the caption Information About the Company s Independent Registered Public Accounting Firm Fees and Services in our 2013 Proxy Statement and is incorporated herein by reference.

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PART IV

ITEM 15. *EXHIBITS, FINANCIAL STATEMENT SCHEDULES*

(a) *Documents Filed as Part of this Report.*

(1) *Financial Statements*
Our consolidated financial statements and the related reports of management and our independent registered public accounting firm which are required to be filed as part of this Report are included in this Annual Report on Form 10-K. These consolidated financial statements are as follows:

Consolidated Balance Sheets as of December 31, 2012 and 2011.

Consolidated Statements of Income for the years ended December 31, 2012, 2011 and 2010.

Consolidated Statements of Comprehensive Income for the years ended December 31, 2012, 2011 and 2010.

Consolidated Statements of Changes in Equity for the years ended December 31, 2012, 2011 and 2010.

Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010.

Notes to Consolidated Financial Statements.

(2) *Financial Statement Schedules*
Schedule II Consolidated Valuation and Qualifying Accounts is included as a schedule herein. Schedules not listed have been omitted because they are not applicable or the required information is included in the consolidated financial statements or notes, thereto.

(3) *Exhibits*
See (b) below.

(b) *Exhibits*
The exhibits listed below under Index to Exhibits are filed with or incorporated by reference in this Report. Where such filing is made by incorporation by reference to a previously filed registration statement or report, such registration statement or report is identified in parentheses. We will furnish any exhibit upon request to Investor Relations, 2100 RiverEdge Parkway, Suite 500, Atlanta, Georgia 30328.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERCONTINENTALEXCHANGE, INC.

(Registrant)

Date: February 6, 2013

By: /s/ Jeffrey C. Sprecher
Jeffrey C. Sprecher
Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jeffrey C. Sprecher and Scott A. Hill, and each of them his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K for the calendar year ended December 31, 2012 and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated as of the date indicated.

Signatures	Title	Date
/s/ Jeffrey C. Sprecher Jeffrey C. Sprecher	Chairman of the Board and Chief Executive Officer (principal executive officer)	February 6, 2013
/s/ Scott A. Hill Scott A. Hill	Senior Vice President, Chief Financial Officer (principal financial and accounting officer)	February 6, 2013
/s/ Charles R. Crisp Charles R. Crisp	Director	February 6, 2013
/s/ Jean-Marc Forneri Jean-Marc Forneri	Director	February 6, 2013
/s/ Judd A. Gregg Judd A. Gregg	Director	February 6, 2013

/s/ Fredrick W. Hatfield	Director	February 6, 2013
Fredrick W. Hatfield		
/s/ Terrence F. Martell	Director	February 6, 2013
Terrence F. Martell		

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Signatures	Title	Date
/s/ Sir Callum McCarthy Sir Callum McCarthy	Director	February 6, 2013
/s/ Sir Robert Reid Sir Robert Reid	Director	February 6, 2013
/s/ Frederic V. Salerno Frederic V. Salerno	Director	February 6, 2013
/s/ Judith A. Sprieser Judith A. Sprieser	Director	February 6, 2013
/s/ Vincent Tese Vincent Tese	Director	February 6, 2013

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FINANCIAL STATEMENT SCHEDULE

INTERCONTINENTALEXCHANGE, INC. AND SUBSIDIARIES

SCHEDULE II CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 2012, 2011 and 2010

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Additions Charged Against Goodwill (In thousands)	Deductions	Balance at End of Year
Year Ended December 31, 2012:					
Allowance for doubtful accounts(1)	$ 2,557	$ (416)	$	$ (1,037)	$ 1,104
Deferred income tax valuation allowance(2)	$ 15,828	$ 4,807	$	$ (9,693)	$ 10,942
Year Ended December 31, 2011:					
Allowance for doubtful accounts(1)	$ 1,857	$ 1,122	$	$ (422)	$ 2,557
Deferred income tax valuation allowance(2)	$ 22,621	$ 176	$	$ (6,969)	$ 15,828
Year Ended December 31, 2010:					
Allowance for doubtful accounts(1)	$ 1,710	$ 564	$	$ (417)	$ 1,857
Deferred income tax valuation allowance(2)	$ 19,085	$ 1,079	$ 4,040	$ (1,583)	$ 22,621

(1) Additions are based on our historical collection experiences and management s assessment of the collectability of specific accounts. Deductions represent the write-off of uncollectible receivables, net of recoveries. These lines also include the impact of foreign currency translation adjustments.

(2) Additions charged to costs and expenses relate to state research and development tax credits and net operating loss carryforwards that we do not expect to be realizable in future periods. Additions charged against goodwill relate to net operating loss carryforwards acquired that we do not expect to be realizable in future periods. Deductions relate to net operating loss carryforwards that we determined would be available to offset income in future periods. The deductions in the year ended December 31, 2012 include the write-off of state research and development tax credit assets against valuation allowances that only have a remote likelihood to be utilized. The deductions in the year ended December 31, 2011 were recorded as an adjustment to goodwill.

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INDEX TO EXHIBITS

The following exhibits are filed with this Report. We will furnish any exhibit upon request to IntercontinentalExchange, Inc., Investor Relations, 2100 RiverEdge Parkway, Suite 500, Atlanta, Georgia 30328.

Exhibit Number	Description of Document
2.1	Agreement and Plan of Merger by and among IntercontinentalExchange, Inc., Columbia Merger Corporation, Creditex Group Inc. and TA Associates, Inc. dated June 3, 2008 (incorporated by reference to Exhibit 10.1 to ICE s Quarterly Report on Form 10-Q filed with the SEC on August 4, 2008, File No. 001-32671).
2.2	Amendment to Agreement and Plan of Merger, dated as of August 26, 2008, to the Agreement and Plan of Merger, dated as of June 3, 2008, by and among ICE, MergerCo, Creditex and the Stockholders Representative (incorporated by reference to Exhibit 10.1 to ICE s Current Report on Form 8-K filed with the SEC on September 2, 2008, File No. 001-32671).
2.3	Agreement and Plan of Merger by and among The Clearing Corporation (TCC), a Delaware corporation, ICE US Holding Company L.P. (Holdco), a Cayman Islands exempted limited partnership and subsidiary of IntercontinentalExchange, Inc., Pony Merger Sub LLC, a Delaware limited liability company, IntercontinentalExchange, Inc., and TCC Stockholders Representative LLC, a Delaware limited liability company (solely in the capacity as representative of the former TCC stockholders) dated as of March 6, 2009 (incorporated by reference to Exhibit 2.1 to ICE s Quarterly Report on Form 10-Q filed with the SEC on May 6, 2009, File No. 001-32671).
2.4	Agreement and Plan of Merger by and among NYSE Euronext, IntercontinentalExchange, Inc. and Baseball Merger Sub, LLC dated as of December 20, 2012 (incorporated by reference to Exhibit 2.1 to ICE s Current Report on Form 8-K filed with the SEC on December 21, 2012, File No. 001-32671).
3.1	Fourth Amended and Restated Certificate of Incorporation of IntercontinentalExchange, Inc. (incorporated by reference to Exhibit 3.1 to ICE s Annual Report on Form 10-K filed with the SEC on March 10, 2006, File No. 001-32671).
3.2	Amended and Restated Bylaws of IntercontinentalExchange, Inc. (incorporated by reference to Exhibit 3.1 to ICE s Current Report on Form 8-K filed with the SEC on December 10, 2010, File No. 001-32671).
4.1	Form of IntercontinentalExchange, Inc. s 4.13% Senior Notes, Tranche A, due November 9, 2018 in the aggregate amount of $200 million (incorporated by reference to Exhibit 4.1 to ICE s Current Report on Form 8-K filed with the SEC on November 9, 2011, File No. 001-32671).
4.2	Form of IntercontinentalExchange, Inc. s 4.69% Senior Notes, Tranche B, due November 9, 2021 in the aggregate amount of $200 million (incorporated by reference to Exhibit 4.2 to ICE s Current Report on Form 8-K filed with the SEC on November 9, 2011, File No. 001-32671).
10.1	Employment Agreement dated February 24, 2012 between IntercontinentalExchange, Inc. and Jeffrey C. Sprecher (incorporated by reference to Exhibit 10.1 to IntercontinentalExchange, Inc. s Current Report on Form 8-K filed with the SEC on February 24, 2012, File No. 001-32671).
10.2	Employment Agreement dated February 24, 2012 between IntercontinentalExchange, Inc. and Charles A. Vice (incorporated by reference to Exhibit 10.2 to IntercontinentalExchange, Inc. s Current Report on Form 8-K filed with the SEC on February 24, 2012, File No. 001-32671).
10.3	Employment Agreement dated February 24, 2012 between IntercontinentalExchange, Inc. and David S. Goone (incorporated by reference to Exhibit 10.3 to IntercontinentalExchange, Inc. s Current Report on Form 8-K filed with the SEC on February 24, 2012, File No. 001-32671).

Exhibit Number	Description of Document
10.4	Employment Agreement dated February 24, 2012 between IntercontinentalExchange, Inc. and Edwin Marcial (incorporated by reference to Exhibit 10.4 to IntercontinentalExchange, Inc. s Current Report on Form 8-K filed with the SEC on February 24, 2012, File No. 001-32671).
10.5	Employment Agreement dated February 24, 2012 between IntercontinentalExchange, Inc. and Scott A. Hill (incorporated by reference to Exhibit 10.5 to IntercontinentalExchange, Inc. s Current Report on Form 8-K filed with the SEC on February 24, 2012, File No. 001-32671).
10.6	Employment Agreement dated June 18, 2012 between IntercontinentalExchange, Inc. and Thomas W. Farley.
10.7	Form of Employment Agreement between IntercontinentalExchange, Inc. and the other U.S. officers (incorporated by reference to Exhibit 10.6 to IntercontinentalExchange, Inc. s Current Report on Form 8-K filed with the SEC on February 24, 2012, File No. 001-32671).
10.8	IntercontinentalExchange, Inc. 2000 Stock Option Plan, as amended effective December 31, 2008 (incorporated by reference to Exhibit 10.6 to ICE s Annual Report on Form 10-K filed with the SEC on February 11, 2009, File No. 001-32671).
10.9	IntercontinentalExchange, Inc. 2003 Restricted Stock Deferral Plan for Outside Directors, as amended effective December 31, 2008 (incorporated by reference to Exhibit 10.7 to ICE s Annual Report on Form 10-K filed with the SEC on February 11, 2009, File No. 001-32671).
10.10	IntercontinentalExchange, Inc. 2004 Restricted Stock Plan, as amended effective December 31, 2008 (incorporated by reference to Exhibit 10.8 to ICE s Annual Report on Form 10-K filed with the SEC on February 11, 2009, File No. 001-32671).
10.11	IntercontinentalExchange, Inc. 2005 Equity Incentive Plan, as amended effective December 31, 2008 (incorporated by reference to Exhibit 10.9 to ICE s Annual Report on Form 10-K filed with the SEC on February 11, 2009, File No. 001-32671).
10.12	IntercontinentalExchange, Inc. Executive Bonus Plan (incorporated by reference to Exhibit 10.1 to ICE s Quarterly Report on Form 10-Q filed with the SEC on August 5, 2009, File No. 001-32671).
10.13	IntercontinentalExchange, Inc. 2009 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to ICE s Quarterly Report on Form 10-Q filed with the SEC on August 5, 2009, File No. 001-32671).
10.14	Credit Agreement dated as of November 9, 2011 among IntercontinentalExchange, Inc. and ICE Europe Parent Limited, as borrowers, Wells Fargo Bank, National Association, as administrative agent, issuing lender and swingline lender, Bank of America, N.A., as syndication agent, and each of the lenders signatory thereto for a senior unsecured term loan facility in the aggregate principal amount of $500 million and an aggregate $2.1 billion five-year senior unsecured revolving credit facility (incorporated by reference to Exhibit 10.1 to ICE s Current Report on Form 8-K filed with the SEC on November 9, 2011, File No.001-32671).
10.15	Note Purchase Agreement dated as of November 9, 2011 among IntercontinentalExchange, Inc., as issuer, and each of the note purchasers signatory thereto (incorporated by reference to Exhibit 10.2 to ICE s Current Report on Form 8-K filed with the SEC on November 9, 2011, File No. 001-32671).
10.16	Scheme of Arrangement between IntercontinentalExchange, Inc., Climate Exchange plc (CLE) and holders of CLE shares under Section 152 of the Isle of Man Companies Act 1931 (as amended) (incorporated by reference to Exhibit 10.4 to ICE s Quarterly Report on Form 10-Q filed with the SEC on August 4, 2010, File No. 001-32671).
10.17	Office Lease, dated as of June 8, 2000, as amended, between CMD Realty Investment Fund IV, L.P. and IntercontinentalExchange, LLC (incorporated by reference to Exhibit 10.17 to ICE s registration statement on Form S-1 filed with the SEC on June 6, 2005, File No. 333-123500).*

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Exhibit Number	Description of Document
10.18	Lease Amendment Six, dated as of October 12, 2005, by and between CMD Realty Investment Fund IV, L.P. and IntercontinentalExchange, Inc. (incorporated by reference to Exhibit 10.27 to ICE s registration statement on Form S-1 filed with the SEC on October 14, 2005, File No. 333-123500).*
10.19	Lease Amendment Seven, dated as of May 12, 2006, by and between CMD Realty Investment Fund IV, L.P. and IntercontinentalExchange, Inc. (incorporated by reference to Exhibit 10.2 to ICE s Current Report on Form 8-K filed with the SEC on May 17, 2006, File No. 001-32671).*
10.20	Lease Amendment Eight, dated as of November 28, 2006 (incorporated by reference to Exhibit 10.17 to ICE s Annual Report on Form 10-K filed with the SEC on February 11, 2009, File No. 001-32671).*
10.21	Lease Amendment Nine, dated as of February 21, 2007 (incorporated by reference to Exhibit 10.18 to ICE s Annual Report on Form 10-K filed with the SEC on February 11, 2009, File No. 001-32671).*
10.22	Lease Amendment Ten, dated as of May 15, 2008 (incorporated by reference to Exhibit 10.19 to ICE s Annual Report on Form 10-K filed with the SEC on February 11, 2009, File No. 001-32671).*
10.23	Lease Amendment Eleven, dated as of September 2, 2009 (incorporated by reference to Exhibit 10.23 to ICE s Annual Report on Form 10-K filed with the SEC on February 09, 2011, File No. 001-32671).
10.24	Lease Amendment Twelve, dated as of June 1, 2010 (incorporated by reference to Exhibit 10.24 to ICE s Annual Report on Form 10-K filed with the SEC on February 09, 2011, File No. 001-32671).
10.25	Lease Amendment Thirteen dated as of February 3, 2011 (incorporated by reference to Exhibit 10.23 to ICE s Annual Report on Form 10-K filed with the SEC on February 8, 2012, File No. 001-32671).
10.26	Patent License Agreement, dated as of March 29, 2002, between eSpeed, Inc. and IntercontinentalExchange, Inc. (incorporated by reference to Exhibit 10.16 to ICE s registration statement on Form S-1 filed with the SEC on June 6, 2005, File No. 333-123500).
10.27	Settlement Agreement dated as of September 1, 2005, by and between EBS Group Limited and IntercontinentalExchange, Inc. (incorporated by reference to Exhibit 10.26 to ICE s registration statement on Form S-1 filed with the SEC on October 14, 2005, File No. 333-123500).
10.28	License Agreement For Index-Related Derivative Products dated as of June 15, 2007 between IntercontinentalExchange, Inc. and Frank Russell Company (incorporated by reference to Exhibit 10.1 to ICE s Current Report on Form 8-K filed with the SEC on June 20, 2007, File No. 001-32671).*
10.29	Amendment No. 2 to License Agreement for Index-Related Derivative Products between Frank-Russell Company and IntercontinentalExchange, Inc., dated as of March 14, 2011 (incorporated by reference to Exhibit 10.1 to ICE s Current Report on Form 8-K filed with the SEC on March 15, 2011, File No. 001-32671).*
10.30	Contribution and Asset Transfer Agreement, dated as of May 11, 2000, by and between IntercontinentalExchange, LLC, Continental Power Exchange, Inc., and Jeffrey C. Sprecher (incorporated by reference to Exhibit 10.31 to ICE s registration statement on Form S-1 filed with the SEC on October 25, 2005, File No. 333-123500).
10.31	First Amendment to Contribution and Asset Transfer Agreement, dated as of May 17, 2000, by and among IntercontinentalExchange, LLC, Continental Power Exchange, Inc., and Jeffrey C. Sprecher (incorporated by reference to Exhibit 10.32 to ICE s registration statement on Form S-1 filed with the SEC on October 25, 2005, File No. 333-123500).

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Exhibit Number	Description of Document
10.32	Second Amendment to Contribution and Asset Transfer Agreement, dated as of October 24, 2005, by and among IntercontinentalExchange, Inc., Continental Power Exchange, Inc., and Jeffrey C. Sprecher (incorporated by reference to Exhibit 10.33 to ICE s registration statement on Form S-1 filed with the SEC on October 25, 2005, File No. 333-123500).
10.33	IntercontinentalExchange, Inc. Amended and Restated 1999 Stock Option/Stock Issuance Plan (formerly the Creditex Group Inc. Amended and Restated 1999 Stock Option/Stock Issuance Plan) (incorporated by reference to Exhibit 4.1 to ICE s registration statement on Form S-8 filed with the SEC on September 2, 2008, File No. 333-153299).
10.34	Share Purchase Agreement dated as of July 13, 2011 between ICE Overseas Limited and Fundo de Investimento em Participacoes Advent de Participacoes for the Advent shares (incorporated by reference to Exhibit 10.1 to ICE s Current Report on Form 8-K filed with the SEC on July 14, 2011, File No. 001-32671).
10.35	Form of Share Purchase Agreement dated as of July 13, 2011 between ICE Overseas Limited and each of Banco Itaú BBA S/A; Itaú Unibanco Holdings S/A; Banco Itauleasing S/A; BFB Leasing S/A Arrendamento Mercantil; Hipercard Banco Múltiplo S/A; and Banco Itaucard S/A for the Itaú shares (incorporated by reference to Exhibit 10.2 to ICE s Current Report on Form 8-K filed with the SEC on July 14, 2011, File No. 001-32671).
10.36	Aircraft Time Sharing Agreement dated as of February 6, 2012 between IntercontinentalExchange, Inc. and Jeffrey C. Sprecher (incorporated by reference to Exhibit 10.37 to ICE s Annual Report on Form 10-K filed with the SEC on February 8, 2012, File No. 001-32671).
10.37	Aircraft Time Sharing Agreement dated as of February 6, 2012 between IntercontinentalExchange, Inc. and Charles A. Vice (incorporated by reference to Exhibit 10.38 to ICE s Annual Report on Form 10-K filed with the SEC on February 8, 2012, File No. 001-32671).
10.38	Clearing and Financial Intermediary Services Agreement by and among ICE Clear Europe Limited and LIFFE Administration and Management*
21.1	Subsidiaries of IntercontinentalExchange, Inc.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
24.1	Power of Attorney (included with signature page hereto).
31.1	Rule 13a -14(a)/15d -14(a) Certification of Chief Executive Officer.
31.2	Rule 13a -14(a)/15d -14(a) Certification of Chief Financial Officer.
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.
101	The following materials from IntercontinentalExchange, Inc. s Annual Report on Form 10-K for the year ended December 31, 2012 formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Changes in Equity, (iv) the Consolidated Statements of Comprehensive Income, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text.**

* Confidential treatment has been previously requested or granted to portions of this exhibit by the SEC.

** As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934. Such exhibit will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 unless IntercontinentalExchange, Inc. specifically incorporates it by reference.