

INTERCONTINENTALEXCHANGE INC
Form S-4/A
November 16, 2006
Table of Contents

As filed with the Securities and Exchange Commission on November 16, 2006

Registration No. 333-138312

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

INTERCONTINENTALEXCHANGE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

6200
(Primary Standard Industrial
Classification Code Number)

58-2555670
(I.R.S. Employer
Identification No.)

c/o IntercontinentalExchange, Inc.

2100 RiverEdge Parkway, Suite 500

Atlanta, Georgia 30328

(770) 857-4700

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(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the consummation of the proposed merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Calculation of registration fee

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Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(2)
Common Stock, par value \$0.01 per share	10,500,000 shares	N/A	\$0	\$0
<p>(1) Represents the maximum number of shares of common stock of IntercontinentalExchange, Inc. (ICE) estimated to be issuable upon completion of the merger described herein in exchange for the membership interests of Board of Trade of the City of New York, Inc. (NYBOT).</p> <p>(2) Estimated solely for the purpose of calculating the amount of registration fee pursuant to Rule 457(f)(2) under the Securities Act of 1933, as amended. Since there is no market for NYBOT s membership interests, the proposed maximum aggregate offering price is based upon</p> <p>(i) \$39,176,970, the book value as of September 30, 2006 of NYBOT membership interests to be cancelled in the merger, less</p> <p>(ii) \$400,000,000, the cash consideration payable by ICE to holders of NYBOT securities in the merger, pursuant to Rule 457(f)(3) under the Securities Act.</p>				

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information contained in this document is subject to completion or amendment. A registration statement relating to these securities has been filed with the United States Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document is not an offer to sell these securities and it is not soliciting an offer to buy these securities, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

SUBJECT TO COMPLETION, DATED NOVEMBER 16, 2006

PROSPECTUS OF ICE

PROXY STATEMENT OF NYBOT

TO THE MEMBERS OF BOARD OF TRADE OF THE CITY OF NEW YORK, INC.

MERGER PROPOSALS YOUR VOTE IS VERY IMPORTANT

Board of Trade of the City of New York, Inc. (NYBOT) and IntercontinentalExchange, Inc. (ICE) have entered into a merger agreement providing for the merger of NYBOT with and into CFC Acquisition Co. (merger sub), with merger sub surviving the merger as a wholly-owned subsidiary of ICE.

In the proposed merger, NYBOT members will be entitled to receive either \$1,074,719 in cash (Cash Consideration) or 17,025 shares of common stock, par value \$0.01 per share, of ICE (Stock Consideration), or a combination of cash consideration and stock consideration as described below, for each NYBOT membership interest. NYBOT members will be able to specify (i) the number of membership interests, or the percentage of one or more membership interests, held by such member with respect to which such member elects to receive cash consideration (the Cash Election) and/or (ii) the number of membership interests, or the percentage of one or more membership interests, held by such member with respect to which such member elects to receive stock consideration (the Stock Election). These elections, however, are subject to proration (as described below) to ensure that the total amount of cash paid by ICE in the merger is approximately \$400 million.

The precise consideration that NYBOT members will receive if they make the Cash Election or the Stock Election will depend on the specific elections made by other NYBOT members. This information (and therefore the precise consideration that NYBOT members will receive if they make the Cash Election or the Stock Election) will not be available at the time that NYBOT members make an election. The merger agreement contains no provision that permits either party to terminate the merger agreement, or that alters the Stock Consideration, simply because the stock price of ICE common stock has fallen below any agreed-upon minimum price or has risen above an agreed-upon maximum price. For a description of the consideration that NYBOT members will receive if they make the Cash Election or the Stock Election, and the potential adjustments to this consideration, see The Merger Agreement Merger Consideration To Be Received by NYBOT Members.

Following the consummation of the merger, and based upon ICE s present capitalization, NYBOT members will own approximately 15% of the issued and outstanding share capital of ICE on a fully-diluted basis as set forth under The Merger General. We estimate ICE will issue approximately 10,296,703 shares of ICE common stock, in the aggregate, in the merger. ICE intends to apply to list these shares of common stock on the New York Stock Exchange (NYSE), subject to official notice of issuance of the stock in the merger. Shares of ICE common stock are currently listed on the NYSE for trading under the symbol ICE.

Completion of the merger requires the approval of NYBOT members. To obtain the required approval, NYBOT will hold a special meeting of NYBOT members on December 11, 2006, at which NYBOT will ask its members to approve and adopt the merger agreement (and consider any other matters properly brought before the special meeting). Information about the special meeting, the merger and other business to be considered by NYBOT members is contained in this document, which we urge you to read. In particular, see **Risk Factors** beginning on page 12.

Your vote is very important. Whether or not you plan to attend the special meeting of NYBOT members, please vote as soon as possible to make sure your NYBOT membership interest is represented at the special meeting. Approval and adoption of the merger agreement requires the affirmative vote of two-thirds of the votes cast by NYBOT members at the special meeting where a quorum is present. Each NYBOT member of record on November 15, 2006 is entitled to one vote on each proposal set forth at the NYBOT special meeting (irrespective of the number of membership interests held by such member). The affirmative vote must also represent a quorum, which is

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10% of NYBOT members entitled to vote on the proposal. Your failure to vote may cause a quorum not to be present, which may have the same effect as voting against the approval and adoption of the merger agreement.

NYBOT's board of governors overwhelmingly recommends, by a 22-1 vote, that NYBOT members vote FOR the approval and adoption of the merger agreement. I join our board of governors in their recommendations.

C. Harry Falk
President and Chief Executive Officer
Board of Trade of the City of New York, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this document is accurate or complete. Any representation to the contrary is a criminal offense.

This prospectus/proxy statement is dated November 17, 2006, and is first being mailed to NYBOT members on or about November 20, 2006.

Table of Contents

CERTAIN FREQUENTLY USED TERMS

Unless otherwise specified or if the context so requires:

ICE refers to IntercontinentalExchange, Inc., a Delaware corporation, and its wholly-owned subsidiaries.

NYBOT or the New York Board of Trade refers to Board of Trade of the City of New York, Inc., a New York member-owned not-for-profit corporation.

Merger sub refers to CFC Acquisition Co., a Delaware corporation and wholly-owned subsidiary of ICE.

Surviving corporation refers to the wholly-owned subsidiary of ICE resulting from the merger of NYBOT with and into merger sub.

We, us or our refers to (1) prior to the completion of the merger, ICE and NYBOT and (2) after the completion of the merger, ICE and its wholly-owned subsidiaries.

NYBOT membership interest refers to an equity membership of NYBOT, and NYBOT member or member of NYBOT refers to a holder of an equity membership.

ICE common stock refers to the common stock, par value \$0.01 per share, of ICE.

Merger agreement refers to the Agreement and Plan of Merger, dated as of September 14, 2006, as amended on October 30, 2006, by and among ICE, merger sub and NYBOT.

SEC refers to the United States Securities and Exchange Commission.

IMPORTANT

This document, which is referred to as the prospectus/proxy statement, constitutes a prospectus of ICE for the shares of common stock that ICE will issue to NYBOT members in the merger and a proxy statement for NYBOT.

In the Questions and Answers about Voting Procedures for the NYBOT Special Meeting below and in the Summary, we highlight selected information from this prospectus/proxy statement but have not included all of the information that may be important to you. To better understand the merger agreement and the merger, and for a complete description of their legal terms, you should read carefully this entire prospectus/proxy statement, including the annexes.

REGISTERED TRADEMARKS

ICE®, IntercontinentalExchange®, ICEMAKER®, 10-X®, ICEBLOCK®, Internet Commodity Exchange®, IPN ICE Private Network®, The ICE®, Trade the World®, the ICE logo, the IntercontinentalExchange logo, the 10-X logo and the IPN ICE Private Network logo are registered trademarks of IntercontinentalExchange, Inc.

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Table of Contents

ADDITIONAL INFORMATION

Please note that copies of the documents provided to you will not include exhibits. In order to receive timely delivery of requested documents in advance of the NYBOT special meeting, you should make your request to NYBOT by calling the NYBOT Member Services Department at (212) 748-4164 no later than December 1, 2006.

No person is authorized to give any information or to make any representation with respect to the matters that this document describes other than those contained in this document, and, if given or made, the information or representation must not be relied upon as having been authorized by ICE or NYBOT. This document does not constitute an offer to sell or a solicitation of an offer to buy securities or a solicitation of a proxy in any jurisdiction where, or to any person to whom, it is unlawful to make such an offer or a solicitation. Neither the delivery of this document nor any distribution of securities made under this document shall, under any circumstances, create an implication that there has been no change in the affairs of ICE or NYBOT since the date of this document or that the information contained herein is correct as of any time subsequent to the date of this document.

Each of ICE and NYBOT maintains an Internet site. ICE's Internet site is at the URL <http://www.theice.com>. NYBOT's Internet site is at the URL <http://www.nybot.com>. Information contained in or otherwise accessible through these Internet sites is not a part of this prospectus/proxy statement. All references in this prospectus/proxy statement to these Internet sites are inactive textual references to these URLs and are for your information only.

Table of Contents

BOARD OF TRADE OF THE CITY OF NEW YORK, INC.

Notice of Special Meeting of Members

To Be Held on

December 11, 2006

To the Members of Board of Trade of the City of New York, Inc.:

A special meeting of the members of Board of Trade of the City of New York, Inc. will be held on December 11, 2006 in the Pat O Shea Boardroom located on the 13th floor of NYBOT's offices at World Financial Center, One North End Avenue, New York, New York 10282, at 3:00 p.m., local time, for the following purposes:

1. To consider and vote on a proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, pursuant to which, among other things, NYBOT has agreed to be merged with and into merger sub, with merger sub surviving the merger as a wholly-owned subsidiary of ICE and a for-profit Delaware corporation;
2. To consider and vote on any proposal that may be made by NYBOT's President to adjourn or postpone the NYBOT special meeting for the purpose of soliciting proxies with respect to the proposal to approve and adopt the merger agreement; and
3. To transact any other business as may properly come before the NYBOT special meeting or any adjournment or postponement of the NYBOT special meeting.

Approval and adoption of the merger agreement by NYBOT members requires the affirmative vote of two-thirds of the votes cast by NYBOT members at the NYBOT special meeting where a quorum is present. Each NYBOT member of record is entitled to one vote on each proposal set forth at the NYBOT special meeting (irrespective of the number of membership interests held by such member). The affirmative vote must also represent a quorum, which is 10% of NYBOT members entitled to vote on the proposal.

The approval of any other proposal presented at the NYBOT special meeting requires the affirmative vote of a majority of the votes cast by NYBOT members at a special meeting where a quorum is present. If no quorum of NYBOT members is present in person or by proxy at the NYBOT special meeting, the NYBOT special meeting may be adjourned by the members present and entitled to vote at that meeting.

NYBOT's board of governors overwhelmingly recommends, by a 22-1 vote, that you vote FOR the approval and adoption of the merger agreement, and FOR any proposal that may be made by NYBOT's President to adjourn or postpone the NYBOT special meeting for the purpose of soliciting proxies.

Only NYBOT equity members of record on November 15, 2006 will be entitled to vote at the special meeting. To vote your NYBOT membership interest, please complete and return the enclosed proxy card per the instructions below. You may also cast your vote in person at the NYBOT special meeting. **Please vote promptly whether or not you expect to attend the NYBOT special meeting.**

By order of the board of governors,

Frederick W. Schoenhut, Chairman

On behalf of the board

November 17, 2006

PLEASE VOTE YOUR NYBOT MEMBERSHIP INTERESTS PROMPTLY. To ensure that you are represented at the NYBOT special meeting, please vote in one of these ways:

- 1) **VISIT THE WEBSITE** noted on your proxy card to vote through the Internet;
- 2) **CALL THE NUMBER** noted on your proxy card to vote telephonically;
- 3) **MARK, SIGN, DATE AND PROMPTLY RETURN** the enclosed proxy card in the postage-paid envelope to Corporate Election Services, P.O. Box 1150, Pittsburgh, PA 15230;
- 4) **FAX** the enclosed proxy card to the attention of Corporate Election Services, at (412) 299-9191; or
- 5) **VOTE IN PERSON** by appearing at the NYBOT special meeting and submitting a ballot.

Table of Contents

TABLE OF CONTENTS

	Page
<u>QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES FOR THE SPECIAL MEETING</u>	1
<u>SUMMARY</u>	5
<u>Comparative Historical and Unaudited Pro Forma Per Share and Per Membership Interest Data</u>	10
<u>Comparative Value of Membership Interests and Securities</u>	11
<u>RISK FACTORS</u>	12
<u>Risks Relating to the Merger</u>	12
<u>Risks Relating to ICE's Business Following the Merger</u>	15
<u>Risks Relating to an Investment in ICE's Common Stock</u>	34
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	36
<u>THE SPECIAL MEETING OF NYBOT MEMBERS</u>	38
<u>Time, Place and Purpose of the NYBOT Special Meeting</u>	38
<u>Who Can Vote at the NYBOT Special Meeting</u>	38
<u>Vote Required</u>	38
<u>Adjournments</u>	38
<u>Manner of Voting</u>	39
<u>Inspection of Election</u>	39
<u>Solicitation of Proxies</u>	39
<u>THE MERGER</u>	40
<u>General</u>	40
<u>Background of the Merger</u>	40
<u>ICE's Reasons for the Merger</u>	47
<u>NYBOT's Reasons for the Merger; Recommendation of the Merger by NYBOT's Board of Governors</u>	49
<u>Opinion of NYBOT's Financial Advisor</u>	52
<u>Interests of Officers and Governors in the Merger</u>	60
<u>Certain Relationships and Related-Party Transactions</u>	62
<u>Material United States Federal Income Tax Consequences</u>	63
<u>Regulatory Approvals</u>	66
<u>Restrictions on Sales of Shares by Affiliates of NYBOT</u>	66
<u>Stock Exchange Listing and Stock and Membership Interest Prices</u>	66
<u>Appraisal Rights of Dissenting Members</u>	67
<u>Effect of the Merger on NYBOT Members</u>	67
<u>Legal Proceedings Relating to the Merger</u>	76

Table of Contents

	Page
<u>THE MERGER AGREEMENT</u>	77
<u>Merger Consideration To Be Received by NYBOT Members</u>	77
<u>No Fractional Shares</u>	81
<u>Dividends: Withholding</u>	81
<u>Post-Closing Transfer Restrictions</u>	81
<u>Bonus Pool</u>	82
<u>Conditions to the Completion of the Merger</u>	82
<u>Reasonable Best Efforts to Obtain Required Approvals</u>	84
<u>No Solicitation of Alternative Transactions</u>	84
<u>Members Meeting</u>	86
<u>Termination</u>	86
<u>Conduct of Business Pending the Merger</u>	88
<u>Organizational Documents of NYCC</u>	90
<u>Indemnification and Insurance of Governors and Officers</u>	90
<u>Benefits Matters</u>	90
<u>Governance and Management</u>	91
<u>Amendment and Waiver</u>	91
<u>Fees and Expenses</u>	91
<u>Representations and Warranties</u>	91
<u>THE BYLAWS</u>	93
<u>Trading Memberships</u>	93
<u>Trading Permits</u>	93
<u>Transaction Fees</u>	93
<u>Side-by-Side Electronic Trading</u>	95
<u>Discounts</u>	96
<u>Trade Committees</u>	96
<u>Transfer of Membership Interests and Trading Permits</u>	97
<u>Governance</u>	97
<u>Amendment of Bylaws</u>	97
<u>Clearing Members</u>	98
<u>DIRECTORS AND OFFICERS OF ICE AFTER THE MERGER AND THE DIRECTORS AND OFFICERS OF THE SURVIVING CORPORATION AFTER THE MERGER</u>	99
<u>ICE</u>	99
<u>Surviving Corporation</u>	99

Table of Contents

	Page
<u>INDUSTRY</u>	101
<u>General</u>	101
<u>The Futures Market</u>	102
<u>The OTC Market</u>	103
<u>Industry Trends</u>	104
<u>INFORMATION ABOUT ICE</u>	106
<u>General</u>	106
<u>ICE's History</u>	106
<u>ICE's Business</u>	107
<u>ICE's Competitive Strengths</u>	109
<u>ICE's Growth Strategy</u>	112
<u>ICE's Products and Services</u>	113
<u>ICE's Participant Base</u>	119
<u>Product Development</u>	121
<u>Technology</u>	122
<u>Internally Developed Software</u>	124
<u>Competition</u>	124
<u>Intellectual Property</u>	126
<u>Sales</u>	127
<u>Property</u>	128
<u>Employees</u>	128
<u>Legal Proceedings</u>	128
<u>Directors and Executive Officers</u>	129
<u>Executive Compensation</u>	135
<u>Employment Agreements</u>	136
<u>Benefit Plans</u>	138
<u>Limitation of Liability and Indemnification of Officers and Directors</u>	143
<u>Certain Relationships and Related Party Transactions</u>	143
<u>Principal Shareholders</u>	146
<u>INFORMATION ABOUT NYBOT</u>	148
<u>General</u>	148
<u>NYBOT's History</u>	148
<u>NYBOT's Competitive Strengths</u>	149
<u>NYBOT's Products</u>	150
<u>Trade Execution</u>	152
<u>Clearing Services</u>	152
<u>Market Data Services</u>	152
Table of Contents	13

<u>Members and Customers</u>	154
<u>Technology</u>	155
<u>Competition</u>	156

Table of Contents

	Page
<u>Intellectual Property</u>	157
<u>Marketing and Advertising</u>	157
<u>Property</u>	158
<u>Employees</u>	158
<u>Legal Proceedings</u>	158
<u>SELECTED CONSOLIDATED FINANCIAL DATA OF ICE</u>	159
<u>ICE MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	163
<u>Overview</u>	163
<u>ICE's Business Environment</u>	164
<u>Variability in Quarterly Comparisons</u>	165
<u>Products</u>	165
<u>Technology</u>	166
<u>Segment Reporting</u>	167
<u>Sources of Revenues</u>	174
<u>Components of Expenses</u>	177
<u>Consolidated Results of Operations</u>	182
<u>Key Statistical Information</u>	184
<u>Nine Months Ended September 30, 2006 Compared to Nine Months Ended September 30, 2005</u>	185
<u>Year Ended December 31, 2005 Compared to Year Ended December 31, 2004</u>	189
<u>Year Ended December 31, 2004 Compared to Year Ended December 31, 2003</u>	193
<u>Quarterly Results of Operations</u>	198
<u>Liquidity and Capital Resources</u>	199
<u>Cash Flow</u>	201
<u>Loan Agreements</u>	202
<u>Future Capital Requirements</u>	203
<u>Off-Balance Sheet Entities</u>	203
<u>Contractual Obligations and Commercial Commitments</u>	203
<u>Non-GAAP Financial Measures</u>	203
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	206
<u>Recently Adopted Accounting Pronouncements</u>	207
<u>New Accounting Pronouncements</u>	208
<u>Critical Accounting Policies</u>	209
<u>SELECTED CONSOLIDATED FINANCIAL DATA OF NYBOT</u>	212
<u>NYBOT MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	216
<u>Overview</u>	216
<u>Sources of Revenues</u>	217

Table of Contents

	Page
<u>Components of Expenses</u>	220
<u>Consolidated Results of Operations</u>	223
<u>Nine Months Ended September 30, 2006 Compared to Nine Months Ended September 30, 2005</u>	224
<u>Year Ended December 31, 2005 Compared to Year Ended December 31, 2004</u>	227
<u>Year Ended December 31, 2004 Compared to Year Ended December 31, 2003</u>	230
<u>Liquidity and Capital Resources</u>	233
<u>New Accounting Pronouncements</u>	236
<u>ICE REGULATION</u>	237
<u>Overview</u>	237
<u>Regulation of ICE's Business in the United States</u>	237
<u>Regulation of ICE's Business in the United Kingdom and Europe</u>	238
<u>NYBOT REGULATION</u>	240
<u>Regulation of the U.S. Futures Exchange Industry</u>	240
<u>Changes in Existing Laws and Rules</u>	240
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA FOR ICE AFTER THE MERGER</u>	241
<u>DESCRIPTION OF ICE'S CAPITAL STOCK</u>	248
<u>Preferred Stock</u>	248
<u>Common Stock</u>	248
<u>Limitation of Liability and Indemnification Matters</u>	249
<u>Section 203 of the Delaware General Corporation Law</u>	249
<u>Certain Anti-Takeover Matters</u>	250
<u>Listing</u>	251
<u>Transfer Agent</u>	251
<u>COMPARISON OF RIGHTS PRIOR TO AND AFTER THE MERGER</u>	252
<u>VALIDITY OF COMMON STOCK</u>	259
<u>EXPERTS</u>	260
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	261
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	F-1
<u>ANNEXES</u>	
<u>Annex A Merger Agreement and First Amendment to Merger Agreement</u>	
<u>Annex B Certificate of Incorporation of Surviving Corporation</u>	
<u>Annex C Form of Bylaws of Surviving Corporation</u>	
<u>Annex D Fairness Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc.</u>	

Table of Contents

QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES FOR THE SPECIAL MEETING

The questions and answers below highlight only selected procedural information from this document. They do not contain all of the information that may be important to you. You should read carefully this entire document, including its annexes, to fully understand the proposed transaction, the voting procedures for the special meeting and the procedures for making cash and stock elections.

Q: What is the proposed transaction for which I am being asked to vote?

A: As a NYBOT member, you are being asked to vote to approve and adopt the merger agreement, by which NYBOT will be merged with and into merger sub. Merger sub, which will conduct NYBOT's operations after the closing of the merger, will survive the merger as a wholly-owned subsidiary of ICE and a for-profit Delaware corporation. For a description of this merger, see The Merger.

NYBOT's board of governors overwhelmingly recommends, by a 22-1 vote, that NYBOT members vote FOR the proposal to approve and adopt the merger agreement. For a discussion of the board of governors' reasons for this recommendation, see The Merger NYBOT's Reasons for the Merger; Recommendation of the Merger by NYBOT's Board of Governors.

You are also being asked to vote to approve any proposal that may be made by NYBOT's President to adjourn or postpone the NYBOT special meeting for the purpose of soliciting proxies with respect to the proposal to approve and adopt the merger agreement. NYBOT's board of governors overwhelmingly recommends, by a 22-1 vote, that NYBOT members vote to approve this proposal (if made by the chairman) as well.

Q: What will I receive in the merger?

A: In the merger, each outstanding NYBOT membership interest (or portion thereof) will be converted into either (1) 17,025 shares of ICE common stock or (2) cash equal to \$1,074,719 or a pro rata share thereof if an election is made with respect to a portion thereof (which must represent a percentage of a membership interest equal to 10% or any whole multiple thereof), subject to proration as described in The Merger Agreement Merger Consideration To Be Received by NYBOT Members Proration and Allocation Procedure. Additionally, each outstanding NYBOT membership interest (or portion thereof) will be converted into the right to receive a pro rata share of any bonus pool amounts not paid to NYBOT officers and governors as described in The Merger Agreement Bonus Pool and a pro rata share of NYBOT's excess working capital as of the effective time of the merger, if any, as described in The Merger Agreement Merger Consideration To Be Received by NYBOT Members Excess Working Capital.

Each NYBOT member will be provided with the opportunity to make an election to receive either cash or ICE common stock, or a combination of cash and ICE common stock, as consideration for his or her NYBOT membership interest (or portion thereof). These elections, however, are subject to proration to ensure that the amount of cash payable by ICE as merger consideration (excluding the excess working capital) and in connection with the bonus pool is approximately \$400,000,000. The election form, on which each NYBOT member will make the election to receive either cash or ICE common stock, or a combination of cash and ICE common stock, will be included in a subsequent mailing.

For a description of the consideration that NYBOT members will receive if they make the cash election or the stock election, and the potential adjustments to this consideration, see The Merger Agreement Merger Consideration To Be Received by NYBOT Members.

Q: How would any proration work?

- A. If the cash election is oversubscribed, (1) NYBOT membership interests (or portions thereof) for which a stock election has been made and NYBOT membership interests (or portions thereof) for which no election has been made will be converted into stock consideration, (2) a pro rata portion of NYBOT membership interests (or portions thereof) for which a cash election has been made will receive stock consideration and (3) the remainder of NYBOT membership interests (or portions thereof) for which a cash election has been made that have not been designated to receive stock consideration on a pro rata basis, will receive cash consideration.

Table of Contents

If the stock election is oversubscribed, (1) NYBOT membership interests (or portions thereof) for which a cash election has been made will be converted into cash consideration, (2) a pro rata portion of NYBOT membership interests (or portions thereof) for which no election has been made and (if necessary) a pro rata portion of the membership interests for which a stock election has been made will receive cash consideration and (3) the remainder of NYBOT membership interests (or portions thereof) for which a stock election has been made which have not been designated to receive cash consideration on a pro rata basis will receive stock consideration.

If both the stock election and the cash election are undersubscribed, (1) NYBOT membership interests for which a cash election has been made will be converted into cash consideration, (2) NYBOT membership interests for which a stock election has been made will be converted into stock consideration and (3) NYBOT membership interests for which no election has been made will be converted, on a pro rata basis, into stock consideration and cash consideration in such proportions that the aggregate amount of cash payable by ICE as merger consideration (excluding the excess working capital) and in connection with the bonus pool is approximately \$400,000,000.

The precise consideration that NYBOT members will receive if they make the cash election or the stock election will depend on the total number of NYBOT membership interests (or portions thereof) with respect to which NYBOT members make the cash election or the stock election. This information (and therefore the precise consideration that NYBOT members will receive if they make the cash election or the stock election) will not be available at the time that NYBOT members make an election. The exchange agent will determine the allocations of merger consideration within ten days after the merger is completed, and NYBOT members will receive additional information about the allocation thereafter. For a description of the consideration that NYBOT members will receive if they make the cash election or the stock election, and the potential adjustments to this consideration, see *The Merger Agreement Merger Consideration To Be Received by NYBOT Members*.

Q: Will I be able to transfer the ICE common stock that I receive in the merger?

A: Yes. The shares of ICE common stock that you will receive in the merger will not be subject to transfer restrictions. However, under the bylaws of the surviving corporation that will be effective after the completion of the merger as described in *The Bylaws*, a former NYBOT member who holds trading rights in the surviving corporation will be required to hold 3,162 shares of ICE common stock (as adjusted for reclassifications, stock splits, stock dividends or distributions, recapitalizations or similar transactions) for each former NYBOT membership interest held by such former member in order to retain the trading rights the former member received in respect of such membership interest. Additionally, in order to be eligible to be a clearing member of New York Clearing Corporation, or NYCC, a wholly-owned subsidiary of NYBOT, after the completion of the merger, a firm must hold at least 21,078 shares of ICE common stock (as adjusted for reclassifications, stock splits, stock dividends or distributions, recapitalizations or similar transactions).

Q: How do I vote?

A: After carefully reading and considering the information contained in this document (including the annexes), please vote by returning your signed and dated proxy card by mail or fax or granting your proxy through the Internet or telephonically, as soon as possible, so that your NYBOT membership interest is represented and voted at the special meeting. Alternatively, you may vote in person at the special meeting by ballot.

Q: Who is entitled to vote?

A: All holders of record of NYBOT membership interests on November 15, 2006 are entitled to vote at the special meeting. Each NYBOT member of record on November 15, 2006 is entitled to one vote on each proposal set forth at the NYBOT special meeting (irrespective of the number of membership interests held by such member). As of the record date, there were 749 NYBOT members entitled to vote at the special meeting.

Table of Contents

You should be aware that, as of November 15, 2006, the record date, 20 NYBOT governors own membership interests, and are therefore entitled to 20 votes at the NYBOT special meeting.

Q: What is the required vote to approve the merger agreement, and what happens if I do not vote or if I abstain from voting?

A: Approval and adoption of the merger agreement by NYBOT members requires the affirmative vote of two-thirds of the votes cast by NYBOT members at the NYBOT special meeting where a quorum is present. A quorum is present if at least ten percent (10%) of NYBOT members entitled to vote at the meeting are present, whether present in person or by proxy. As a result, any failure to vote will have the same effect as a vote against the approval and adoption of the merger agreement until the affirmative vote for the approval and adoption of the merger agreement equals or exceeds ten percent (10%) of NYBOT members entitled to vote at the meeting and an abstention will have no effect on this vote.

The approval of any other proposal presented at the NYBOT special meeting only requires the affirmative vote of a majority of the votes cast by NYBOT members at the NYBOT special meeting at which a quorum is present. A quorum is present if at least ten percent (10%) of NYBOT members entitled to vote at the meeting are present, whether present in person or by proxy. As a result, any failure to vote will have the same effect as a vote against such proposal until the affirmative vote for the approval of such proposal equals or exceeds ten percent (10%) of NYBOT members entitled to vote at the meeting and an abstention will have no effect on this vote.

If a NYBOT member completes a proxy and abstains from voting on a proposal, the abstention will count for purposes of determining whether a quorum is present but will have no effect on the vote for the proposal. If no quorum of NYBOT members is present in person or by proxy at the NYBOT special meeting, the NYBOT special meeting may be adjourned by the members present and entitled to vote at that meeting.

If you complete a proxy and do not indicate how you want to vote on a particular proposal, your proxy will be voted in accordance with the recommendation of NYBOT's board of governors (and, therefore, will be voted in favor of the approval and adoption of the merger agreement).

Q: Can I change my vote after I have delivered my proxy?

A: Yes. There are three ways to change your vote after you have submitted a proxy:

you may submit a written revocation dated after the date of the proxy that is being revoked to Corporate Election Services, P.O. Box 1150, Pittsburgh, PA 15230; or

you may submit a later-dated proxy by mail, fax or through the Internet or telephonically; or

you may attend the NYBOT special meeting and vote by paper ballot in person.

Simply attending the special meeting without voting will not revoke your proxy. NYBOT proxy cards can be sent by mail to Corporate Election Services, P.O. Box 1150, Pittsburgh, PA 15230 or faxed to Corporate Election Services at (412) 299-9191.

Q. When and where is the special meeting?

- A. The NYBOT special meeting will be held on December 11, 2006 in the Pat O Shea Boardroom located on the 1st floor of NYBOT's offices at World Financial Center, One North End Avenue, New York, New York 10282, at 3:00 p.m., local time.

Table of Contents

Q: Who can help answer my questions?

A: If you have any questions about how to submit your proxy, or if you need additional copies of this document, the election form (which will be included in a subsequent mailing) or the enclosed proxy card, you should contact:

Corporate Election Services

P.O. Box 1150

Pittsburgh, PA 15230

Tel: (412) 262-1100

Fax: (412) 299-9191

Email: *Info@ProxyTabulation.com*

If you have any questions about the merger or the election form, or need additional copies of the election form, you should contact:

Member Services Department

Board of Trade of the City of New York, Inc.

World Financial Center

One North End Avenue

New York, NY 10282

Tel: (212) 748-4164

Fax: (212) 748-4088

Table of Contents

SUMMARY

This brief summary highlights selected information from this prospectus/proxy statement. It does not contain all of the information that is important to you. You should carefully read this entire document, including its exhibits, and the other documents to which this prospectus/proxy statement refers you to fully understand the merger. Each item in this summary refers to the page where that subject is discussed in more detail.

Information Regarding IntercontinentalExchange, Inc. (see page 106)

ICE operates the leading global, electronic marketplace for trading both futures and over-the-counter, or OTC, energy contracts. ICE offers a range of contracts based on crude oil and refined products, natural gas, power and emissions. ICE conducts its OTC business directly, and its futures business through its regulated subsidiary, ICE Futures. ICE Futures is the largest energy futures exchange outside of North America, as measured by 2005 traded contract volumes. ICE also offers a range of risk management and trading support services, including customized energy market data offerings through ICE Data, its market data subsidiary.

Headquartered in Atlanta, ICE also has offices in Calgary, Chicago, Houston, London, New York and Singapore, with regional telecommunications hubs in Chicago, New York, London and Singapore. ICE's principal executive offices are located at 2100 RiverEdge Parkway, Suite 500, Atlanta, Georgia 30328, and its telephone number is (770) 857-4700.

Information Regarding Board of Trade of the City of New York, Inc. (see page 148)

NYBOT operates a leading futures and options exchange for trading in a broad array of soft agricultural commodities, including cocoa, coffee, cotton, frozen concentrated orange juice and sugar. NYBOT's exchange also provides trading in futures and option contracts for a variety of financial products, including its exclusive futures and options contracts based on the U.S. Dollar Index, as well as currency and index-based products. As an open-outcry exchange, NYBOT provides floor-based trading for all of its agricultural and financial products. NYBOT's exchange is supported by its clearing house, New York Clearing Corporation, or NYCC, a wholly-owned subsidiary of NYBOT, which clears and provides financial security for contracts traded on its exchange.

NYBOT's principal executive offices are located at World Financial Center, One North End Avenue, New York, NY 10282, and its telephone number is (212) 748-4000.

The Merger (see page 40)

NYBOT and ICE have entered into a merger agreement, which provides that NYBOT will be merged with and into merger sub, with merger sub surviving the merger as a wholly-owned subsidiary of ICE. Immediately following the merger, NYBOT members will own approximately 15% of the issued and outstanding share capital of ICE.

The NYBOT Special Meeting (see page 38)

The NYBOT special meeting will be held on December 11, 2006 in the Pat O'Shea Boardroom located on the 13th floor of NYBOT's offices at World Financial Center, One North End Avenue, New York, New York 10282, at 3:00 p.m., local time. You may vote at the NYBOT special meeting on the proposal to approve and adopt the merger agreement if you are a NYBOT equity member of record on November 15, 2006. Each NYBOT member of record on November 15, 2006 is entitled to one vote on each proposal set forth at the NYBOT special meeting (irrespective of the number of membership interests held by such member). As of the record date, there were 749 members entitled to vote at the special meeting.

Table of Contents

The affirmative vote of two-thirds of the votes cast by NYBOT members at the NYBOT special meeting where a quorum is present is required for the approval and adoption of the merger agreement. The affirmative vote must also represent a quorum. Ten percent (10%) of NYBOT members entitled to vote at the meeting, whether present in person or by proxy, constitutes a quorum.

With respect to any proposal other than the proposal to approve and adopt the merger agreement, the affirmative vote of a majority of the votes cast by NYBOT members at the NYBOT special meeting at which a quorum is present is required for the approval of the proposal.

What NYBOT Members Will Receive in the Merger (see page 77)

In the merger, each outstanding NYBOT membership interest will be converted into either (1) 17,025 shares of ICE common stock, (2) cash equal to \$1,074,719, subject in either case to proration as described in The Merger Agreement Merger Consideration To Be Received by NYBOT Members Proration and Allocation Procedure, or (3) a combination of ICE common stock and cash. Additionally, each outstanding NYBOT membership interest will be converted into the right to receive a pro rata share of any bonus pool amounts not paid to NYBOT officers and governors as described in The Merger Agreement Bonus Pool and a pro rata share of NYBOT's excess working capital as of the effective time of the merger, if any, as described in The Merger Agreement Merger Consideration To Be Received by NYBOT Members Excess Working Capital.

Each NYBOT member will be provided with the opportunity to make an election to receive either cash or ICE common stock as consideration for his or her NYBOT membership interest. These elections, however, are subject to proration to ensure that the amount of cash payable by ICE as merger consideration (excluding the excess working capital) and in connection with the bonus pool is approximately \$400,000,000.

For a description of the consideration that NYBOT members will receive if they make the cash election or the stock election, and the potential adjustments to this consideration, see The Merger Agreement Merger Consideration To Be Received by NYBOT Members.

The shares of ICE common stock that you will receive in the merger will not be subject to transfer restrictions. However, under the bylaws of the surviving corporation that will be effective after the completion of the merger as described in The Bylaws, a former NYBOT member who holds trading rights in the surviving corporation's exchange will be required to hold 3,162 shares of ICE common stock (as adjusted for reclassifications, stock splits, stock dividends or distributions, recapitalizations or similar transactions) for each NYBOT membership interest held by such former member in order to retain these trading rights. Additionally, in order to be eligible to be a clearing member of NYCC after the completion of the merger, a firm must hold at least 21,078 shares of ICE common stock (as adjusted for reclassifications, stock splits, stock dividends or distributions, recapitalizations or similar transactions).

NYBOT's Board Recommendations (see page 49)

Based on NYBOT's board of governors' reasons for the merger described in this document (see The Merger NYBOT's Reasons for the Merger; Recommendation of the Merger by NYBOT's Board of Governors), NYBOT's board of governors overwhelmingly recommends, by a 22-1 vote, that you vote FOR the approval and adoption of the merger agreement, and FOR any proposal that may be made by NYBOT's President to adjourn or postpone the NYBOT special meeting for the purpose of soliciting proxies.

Interests of NYBOT's Governors and Executive Officers in the Merger (see page 60)

NYBOT members should be aware that members of NYBOT's board of governors and its executive management have relationships, agreements or arrangements that provide them with interests in the merger that may be in addition to or different from those of NYBOT members. These interests may include, but are not

Table of Contents

limited to, the interests in the bonus pool, the continued employment of certain executive officers of NYBOT after the merger, the membership of certain governors of NYBOT on the board of directors of the surviving corporation and/or ICE after the merger, the treatment in the merger of employment agreements and NYBOT's change-in-control severance policy and the indemnification of former NYBOT governors and officers by the surviving corporation.

Opinion of Financial Advisor (see page 52)

In connection with the proposed merger, NYBOT retained Houlihan Lokey Howard & Zukin Financial Advisors, Inc., or Houlihan Lokey, as its independent financial advisor. Houlihan Lokey delivered an opinion that, as of September 13, 2006 and subject to the assumptions and qualifications stated in the opinion, the consideration to be received in the merger by NYBOT members under the merger agreement in exchange for their membership interests was fair to such members from a financial point of view.

Structure of the Merger (see page 40)

Under the merger agreement, NYBOT agreed to merge with and into merger sub, with merger sub surviving the merger as a wholly-owned subsidiary of ICE and a for-profit Delaware corporation.

In the merger, each NYBOT membership interest will be converted into the type and amount of consideration described in [What NYBOT Members Will Receive in the Merger](#) above.

Material United States Federal Income Tax Consequences (see page 63)

It is a condition to the completion of the merger that NYBOT and ICE receive private letter rulings from the Internal Revenue Service to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. It is a condition to the obligation of NYBOT to consummate the merger that it receive a private letter ruling from the Internal Revenue Service to the effect that NYBOT members and holders of NYBOT trading permits will not recognize gain in connection with the merger other than with respect to any cash consideration received. NYBOT and ICE jointly filed a private letter ruling request in respect of the merger with the Internal Revenue Service.

Subject to the limitations and qualifications described under [The Merger](#) [Material United States Federal Income Tax Consequences](#) and provided that the merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code:

If you receive solely ICE common stock in exchange for your NYBOT membership interest, then you generally will not recognize any gain or loss, except with respect to cash you receive in lieu of fractional shares of ICE common stock.

If you receive cash and ICE common stock in exchange for your membership interest in NYBOT, you will recognize gain in an amount equal to the lesser of (1) the sum of the amount of cash and the fair market value of the ICE common stock received, minus the allocable tax basis of the NYBOT membership interest surrendered in exchange therefor, and (2) the amount of cash received by the holder in the merger. The cash that you receive generally will be treated as merger consideration.

If you receive solely cash in exchange for your NYBOT membership interest, then you generally will recognize gain or loss equal to the difference between the amount of cash you receive and the allocable tax basis in your NYBOT membership interest. You should read [The Merger](#) [Material United States Federal Income Tax Consequences](#) for a more complete discussion of the U.S. federal income tax consequences of the merger and the conversion of NYBOT members' trading rights and NYBOT trading permits into rights to trade on the surviving corporation's exchange. We urge you to consult with your tax advisor for a full understanding of the tax consequences of the merger to you.

Table of Contents

Accounting Treatment

The merger will be accounted for as an acquisition of NYBOT by ICE under the purchase method of accounting of U.S. generally accepted accounting principles.

Regulatory Approvals and Conditions to Completion of the Merger (see page 66 and 82)

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, and the rules promulgated under the HSR Act by the Federal Trade Commission, or the FTC, we may not complete the merger until notifications have been given and certain information has been furnished to the FTC and the Antitrust Division of the United States Department of Justice and specified waiting period requirements have been satisfied. Each of NYBOT and ICE submitted the applicable notifications under the HSR Act on October 20, 2006 and received early termination of the waiting period from the FTC on November 1, 2006, which satisfies this closing condition.

The merger is also subject to the approval of the Commodity Futures Trading Commission, or CFTC, under the Commodity Exchange Act, or CEA. The completion of the transaction is subject to receipt of CFTC approval to transfer the contract market designations of each of the futures contracts and options traded on NYBOT to the surviving corporation. See *The Merger Regulatory Approvals*.

Absence of Appraisal Rights (see page 67)

Under the New York Not-for-Profit Corporation Law, NYBOT members are not entitled to any appraisal rights in connection with the merger.

Directors and Management of ICE and the Surviving Corporation Following the Merger (see page 99)

The directors and officers of ICE following the completion of the merger will be the current directors and officers of ICE identified under *Information About ICE Directors and Executive Officers*, except that two existing NYBOT directors will be appointed to ICE's board of directors. The ICE board currently has authorized nine directors to sit on the board. As a result, following the completion of the merger, the number of directors authorized for the ICE board will be eleven. See *Directors and Officers of ICE After the Merger and Directors and Officers of the Surviving Corporation After the Merger*.

The officers of the surviving corporation, other than the chief executive officer, will be the officers of NYBOT prior to the completion of the merger. Until the second anniversary of the completion of the merger, the surviving corporation's board of directors will be comprised of nine directors, including the chief executive officer and chief financial officer of ICE, the chief executive officer of the surviving corporation (who, pursuant to the merger agreement, will be designated by ICE), the two members of the current NYBOT board of governors who are designated by ICE to serve on ICE's board, and four directors who qualify as public directors and who, to the extent possible, will be initially selected from the current public governors on NYBOT's board of governors. Until the fourth anniversary of the completion of the merger, the surviving corporation's board will consist of at least four public directors. See *Directors and Officers of ICE After the Merger and Directors and Officers of the Surviving Corporation After the Merger*.

Termination of the Merger Agreement; Fees Payable (see pages 86 and 87)

NYBOT and ICE may jointly agree to terminate the merger agreement at any time prior to the completion of the merger. Either NYBOT or ICE may also terminate the merger agreement in various circumstances, including failure to receive the necessary NYBOT member approval and upon the breach by the other party of certain of its obligations under the merger agreement.

In several circumstances involving a change in the recommendation of NYBOT's board of governors in favor of the approval and adoption of the merger agreement or certain actions of NYBOT with respect to a third-party acquisition proposal, NYBOT may become obligated to pay to ICE up to \$44.0 million in termination fees and expense reimbursement. See *The Merger Agreement Termination*.

Table of Contents

No Solicitation (see page 84)

Subject to certain important exceptions, the merger agreement generally restricts the ability of NYBOT to solicit or engage in discussions or negotiations with a third party regarding a proposal to acquire a significant interest in NYBOT.

Bylaws of the Surviving Corporation (see page 93)

Pursuant to the merger agreement, ICE has agreed to cause the surviving corporation to adopt bylaws in the form attached as Annex C to this prospectus/proxy statement.

The proposed bylaws of the surviving corporation provide for, among other things: composition of the board of directors of the surviving corporation; the issuance of trading rights to former NYBOT members and trading permits to former NYBOT permit holders; certain matters pertaining to the fees to be charged to former NYBOT members and former NYBOT permit holders; and the conditions under which open-outcry trading of current NYBOT products can be terminated. See The Bylaws.

Stock Exchange Listing and Stock Prices (see page 66)

NYBOT membership interests are not traded or quoted on a stock exchange or quotation system.

Shares of ICE common stock are listed on the New York Stock Exchange under the symbol ICE.

Certain Differences in the Rights Before and After the Merger (see pages 67 and 252)

The primary differences between the ownership rights of NYBOT members prior to the merger and ICE stockholders after the merger relate to (1) the fact that NYBOT is a New York not-for-profit corporation, whereas ICE is a Delaware for-profit corporation, and (2) the differences between the governing documents of NYBOT and ICE. After the completion of the merger, NYBOT members that receive ICE common stock as merger consideration will have the same rights as ICE stockholders. However, NYBOT members that receive cash in the merger will not have the same rights as ICE stockholders to the extent of any cash received instead of ICE shares.

These rights relate to equity interests, dividends and distributions, annual and special meetings, voting rights, trading rights, transfer restrictions and other matters. The differences relating to equity ownership in either NYBOT or ICE are described more fully in Comparison of Rights Prior to and After the Merger. The differences between the rights of NYBOT members before and after the merger with respect to trading and other rights are described more fully in The Merger Effect of the Merger on NYBOT Members.

Table of Contents

**Comparative Historical and Unaudited Pro Forma Per Share
and Per Membership Interest Data**

The following table sets forth (i) historical basic and diluted earnings per common share, historical cash dividends per common share and historical book value per common share of ICE, (ii) historical basic earnings per NYBOT membership interest and historical book value per NYBOT membership interest, (iii) unaudited pro forma condensed combined basic and diluted earnings per common share, unaudited pro forma condensed combined cash dividends per common share and unaudited condensed combined book value per common share of ICE after giving effect to the merger and (iv) unaudited pro forma equivalent basic and diluted earnings per common share, unaudited pro forma equivalent cash dividends per common share and unaudited equivalent book value per common share of NYBOT based on a merger exchange rate of 10,539 shares of ICE common stock for each NYBOT membership interest. The exchange rate of 10,539 shares of ICE common stock for each NYBOT membership interest is based upon ICE issuing a total of approximately 10,296,703 shares of ICE common stock divided by the total of 977 NYBOT membership interests. The pro forma amounts were derived using the purchase method of accounting for business combinations as described under Unaudited Pro Forma Condensed Combined Financial Data for ICE After the Merger.

You should read the information below together with the financial statements and related notes of ICE and NYBOT that appear elsewhere in this document. The unaudited pro forma condensed combined data below is for illustrative purposes only. The financial results may have been different had the companies always been combined. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or of the future results of the combined companies. You should read the pro forma information below together with the unaudited pro forma condensed combined financial data included under Unaudited Pro Forma Condensed Combined Financial Data for ICE After the Merger.

	Nine months ended September 30, 2006	Year ended December 31, 2005
ICE Historical Comparative Per Share Data		
Basic earnings (loss) per common share	\$ 1.68	\$ (0.39)
Diluted earnings (loss) per common share	\$ 1.59	\$ (0.39)
Cash dividends per common share	\$	\$
Book value per common share at end of period	\$ 6.63	\$ 4.19
NYBOT Historical Comparative Membership Interest Data		
Basic earnings per NYBOT membership interest	\$ 14,337	\$ 13,363
Book value per NYBOT membership interest at end of period	\$ 40,650	\$ 26,269
Unaudited Pro Forma Condensed Combined Comparative Per Share Data		
Basic earnings (loss) per common share	\$ 1.44	\$ (0.42)
Diluted earnings (loss) per common share	\$ 1.38	\$ (0.42)
Cash dividends per common share	\$	\$
Book value per common share at end of period	\$ 16.08	
Unaudited Pro Forma Equivalent Per Share Data for NYBOT		
Basic earnings (loss) per common share	\$ 15,176	\$ (4,426)
Diluted earnings (loss) per common share	\$ 14,544	\$ (4,426)
Cash dividends per common share	\$	\$
Book value per common share as of end of period	\$ 169,467	

Table of Contents**Comparative Value of Membership Interests and Securities**

The following table sets forth the last price at which a NYBOT membership interest was sold and the closing market price per share of ICE common stock, as of September 13, 2006 (the last business day prior to the date of public announcement of the merger) and as of November 15, 2006 (the last practicable trading date prior to the date of this document). The table also presents the cash or implied value of each NYBOT membership interest based on the receipt of 100% cash merger consideration for a NYBOT membership interest and 100% stock merger consideration for a NYBOT membership interest, respectively.

See The Merger Agreement Merger Consideration To Be Received by NYBOT Members for an explanation of how NYBOT members may elect to receive cash or ICE common stock in consideration for their NYBOT membership interests and how proration may affect these elections.

For purposes of calculating the implied value of a NYBOT membership interest, each share of ICE common stock was assumed to have a value of \$63.127 per share, which is equal to the average closing price per share of ICE common stock during the 10 consecutive trading days up to and including September 7, 2006.

You are urged to obtain current bid and offer prices for NYBOT membership interests and market quotations for ICE common stock before making your decision with respect to the approval and adoption of the merger agreement.

The price at which a NYBOT membership interest could be sold and the market price of ICE common stock could each change significantly. Because the exchange ratio will not be adjusted for changes in the prices at which NYBOT membership interests are purchased and sold, or for changes in the market price of ICE common stock, the value of the shares of ICE common stock that you may receive at the time of completion of the merger may vary significantly from the market value of ICE common stock that you would have received if the merger was consummated on the date of the merger agreement or the date of this document.

	ICE	NYBOT	Cash Value of NYBOT	Implied Value of
	common	Membership	Membership Interest	NYBOT
	stock	Interest	based on 100% cash	Membership
			merger	Interest based on
			consideration	100% stock
				merger
				consideration
September 13, 2006	\$ 64.72	\$ 950,000	\$ 1,074,719	\$ 1,101,858
November 15, 2006	\$ 95.65	\$ 1,100,000	\$ 1,074,719	\$ 1,628,441

Table of Contents

RISK FACTORS

Risks Relating to the Merger

Because the merger consideration is fixed, the market value of ICE common stock and cash issued to you may be less than the value of your NYBOT membership interest.

NYBOT members that receive shares of ICE common stock in the merger will receive a fixed number of shares rather than a number of shares with a particular fixed market value. The market value of ICE common stock at the time of the closing of the merger may vary significantly from its value on the date the merger agreement was executed, the date of this document or the date on which NYBOT members vote on the merger. Because the merger consideration will not be adjusted to reflect any changes in the market price of ICE common stock, the market value of ICE common stock issued in the merger may be higher or lower than its value on earlier dates.

Changes in stock price may result from a variety of factors that are beyond the control of ICE and NYBOT, including changes in ICE's business, operations and prospects, regulatory considerations, governmental actions, and legal proceedings and developments. Market assessments of the benefits of the merger and of the likelihood that the merger will be completed and general and industry-specific market and economic conditions may also have an effect on market price. Neither ICE nor NYBOT is permitted to terminate the merger agreement solely because of changes in the market price of its common stock or membership interests, respectively.

In addition, the merger may not be completed until a significant period of time has passed after the special meeting of NYBOT's members. As a result, the market value of ICE common stock may vary significantly from the date of the special meeting to the date of the completion of the merger. You are urged to obtain up-to-date prices for ICE common stock. See "The Merger" Stock Exchange Listing and Stock and Membership Interest Prices for ranges of historic prices of shares of ICE common stock.

We may fail to realize the anticipated cost savings, growth opportunities and synergies and other benefits anticipated from the merger, which could adversely affect the value of ICE common stock.

ICE and NYBOT currently operate as separate companies. The success of the merger will depend, in part, on our ability to realize the anticipated synergies and growth opportunities from combining the businesses, as well as the projected stand-alone cost savings and revenue growth trends identified by each company. On a combined basis, ICE expects to benefit from operational synergies resulting from the consolidation of capabilities and elimination of redundancies, the use of NYBOT's clearing capabilities, as well as greater efficiencies from increased scale, market integration and increased automation. Management also expects the combined entity will enjoy revenue synergies, including by additional clearing alternatives; expense sharing; increased access, volume and liquidity to the products traded on ICE Futures and NYBOT; and expanded product offerings and increased geographic reach of ICE Futures and NYBOT. However, we must successfully combine the businesses of ICE and NYBOT in a manner that permits these cost savings and synergies to be realized. In addition, we must achieve the anticipated savings and synergies without adversely affecting current revenues and our investments in future growth. If we are not able to successfully achieve these objectives, the anticipated cost savings, revenue growth and synergies may not be realized fully or at all, or may take longer to realize than expected.

The failure to integrate successfully the businesses and operations of ICE and NYBOT in the expected time frame may adversely affect ICE's future results.

Historically, ICE and NYBOT have operated as independent companies, and they will continue to do so until the completion of the merger. The management of ICE may face significant challenges in consolidating the functions (including regulatory functions) of ICE and NYBOT, integrating their technologies, organizations, procedures, policies and operations, as well as addressing differences in the business cultures of the two companies and retaining key NYBOT personnel. The integration may also be complex and time consuming, and require

Table of Contents

substantial resources and effort. The integration process and other disruptions resulting from the merger may also disrupt each company's ongoing businesses or cause inconsistencies in standards, controls, procedures and policies that adversely affect our relationships with market participants, employees, regulators and others with whom we have business or other dealings or our ability to achieve the anticipated benefits of the merger. In addition, difficulties in integrating the businesses or regulatory functions of ICE and NYBOT could harm the reputation of ICE.

The ability of NYBOT members to receive either cash or shares of ICE common stock pursuant to the cash election or stock election, respectively, will be subject to proration in the event of an oversubscription or undersubscription of the cash election.

The cash election and stock election available to NYBOT members in the merger is subject to proration to ensure that the total amount of cash paid by ICE will equal approximately \$400,000,000. As a result, the consideration that any particular NYBOT member receives if he or she makes the cash election or the stock election will not be known at the time that he or she makes the election because the consideration will depend on the total number of NYBOT members who make the cash election and stock election. If the cash election is oversubscribed, then NYBOT members who have made the cash election will receive some shares of ICE common stock in lieu of the full amount of cash sought for their NYBOT membership interests. Likewise, if the cash election is undersubscribed, then NYBOT members who have made the stock election will receive some cash in lieu of the full number of shares of ICE common stock sought for their NYBOT membership interests. Accordingly, if NYBOT members make the cash election or the stock election with respect to their NYBOT membership interest, they may not receive exactly the amount and type of consideration that they elected to receive in the merger, which could result in, among other things, tax consequences that differ from those that would have resulted if they had received the form of consideration that they had elected (including the potential recognition of gain for federal income tax purposes if they receive cash).

Because there is no way to predict the market price of shares of ICE common stock after the merger, the value of the consideration that NYBOT members will receive in the merger may vary depending on the type of election that they make. For a discussion of the election mechanism and possible adjustments to the consideration paid to those who make the cash election or stock election, or a combination thereof, see *The Merger Agreement Merger Consideration To Be Received by NYBOT Members*. For a discussion of the material federal income tax consequences of the merger, see *The Merger Material United States Federal Income Tax Consequences*.

The combined company will incur significant transaction and merger-related costs in connection with the merger.

ICE and NYBOT expect to incur a number of non-recurring costs associated with combining the operations of the two companies. ICE and NYBOT will also incur investment advisors, legal, accounting and other transaction fees and other costs related to the merger, anticipated to be between \$32 million and \$33 million. Some of these costs are payable regardless of whether the merger is completed. Moreover, under specified circumstances, NYBOT may be required to pay termination fees and reimburse certain expenses in connection with the termination of the proposed merger. See *The Merger Agreement Termination Termination Fees and Expense Reimbursement*. Additional unanticipated costs may be incurred in the integration of the businesses of ICE and NYBOT.

Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset these transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

Certain NYBOT governors and executive officers may have interests in the merger that are different from, or in addition to or in conflict with yours.

Executive officers of ICE and NYBOT negotiated the terms of the merger agreement, and the board of directors of ICE and the board of governors of NYBOT each approved the merger agreement. NYBOT's board of

Table of Contents

governors recommends, by a 22-1 vote, that you vote in favor of the approval and adoption of the merger agreement. NYBOT's governors and executive officers may have interests in the merger that are different from, in addition to or in conflict with yours. These interests include the continued employment of certain executive officers of NYBOT by ICE, the membership of certain governors of NYBOT on the boards of directors of ICE and/or of the surviving corporation following the completion of the merger, and the indemnification of former NYBOT governors and executive officers by ICE. With respect to certain NYBOT governors and executive officers, these interests also include the treatment in the merger of employment agreements, bonus pool allocations of up to \$10,747,183.66 in the aggregate made available by ICE and payable in cash and/or shares of ICE common stock (see The Merger Agreement Bonus Pool), change-of-control severance plans and other rights held by these governors and executive officers. You should be aware of these interests when you consider NYBOT's board of governors recommendation that you vote in favor of the merger. For a discussion of the interests of NYBOT's governors and executive officers in the merger, see The Merger Interests of Officers and Governors in the Merger.

We expect that, following the merger, ICE will have significantly less cash on hand than the sum of cash on hand of ICE and NYBOT prior to the merger. This reduced amount of cash could adversely affect ICE's ability to grow and perform.

Following an assumed completion of the merger on September 30, 2006, after payment of the merger consideration, the expenses of consummating the merger, and all other pro forma adjustments relating to the merger, ICE is expected to have approximately \$120.7 million in cash, cash equivalents, investment and other securities. Although the management of ICE believes that this amount will be sufficient to meet ICE's business objectives, this amount is significantly less than the approximately \$291.6 million of combined cash, cash equivalents, investment and other securities of the two companies as of September 30, 2006, prior to the merger and pro forma adjustments, and could constrain ICE's ability to make necessary capital expenditures and other investments necessary to operate and grow its business. ICE's financial position following the merger could also make it vulnerable to general economic downturns and industry conditions, and place it at a competitive disadvantage relative to its competitors that have more cash at their disposal. In the event that ICE does not have adequate capital to maintain or develop its business, additional capital may not be available to ICE on a timely basis, on favorable terms, or at all.

There will be differences between the current ownership rights of NYBOT members and the rights they can expect to have as ICE stockholders.

NYBOT members that receive ICE common stock in the merger will become ICE stockholders, and their rights as stockholders will be governed by ICE's certificate of incorporation and bylaws. In addition, whereas NYBOT is currently a New York Type A not-for-profit corporation, governed by the New York Not-For-Profit Corporation Law, ICE is a for-profit corporation, governed by the Delaware General Corporation Law. As a result, there will be differences between the current rights of NYBOT members as owners of NYBOT membership interests and the rights they can expect to have as ICE stockholders or holders of trading rights on the surviving corporation exchange. For a discussion of other differences, see Comparison of Rights Prior to and After the Merger and The Merger Effect of the Merger on NYBOT Members.

There will be differences between the current trading rights of NYBOT members and the trading rights they will receive from the surviving corporation.

The proposed bylaws of the surviving corporation provide that each NYBOT member will be issued trading rights in the surviving corporation. However, the organizational documents and agreements that govern their trading rights in the surviving corporation are different than those that currently govern the rights and privileges of members of NYBOT. As a result, there will be differences between the current trading rights of NYBOT members and the trading rights they will receive from the surviving corporation, including the fact that the board of directors of the surviving corporation will be permitted to modify or terminate those rights under certain circumstances. Because the trading rights that will be issued by the surviving corporation will exist as a matter of

Table of Contents

contact only, the board of directors of the surviving corporation will not have a fiduciary duty, obligation or responsibility to the holders of these trading rights and, in determining whether to amend or repeal the terms of any of these trading rights, may consider the interests of ICE rather than the interests of the holders. For a discussion of certain rights, privileges and limitations of holders of trading rights in the surviving corporation, see [The Bylaws](#) and [The Merger](#) [Effect of the Merger on NYBOT Members](#).

NYBOT members will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

After the completion of the merger, NYBOT members will own a smaller percentage of ICE than they currently own of NYBOT. Immediately following completion of the merger, former NYBOT members will own approximately 15%, and other ICE stockholders will own approximately 85% of ICE common stock issued and outstanding immediately following the completion of the merger. Consequently, NYBOT members, as a group, will have reduced ownership and voting power in the combined company compared to their ownership and voting power in NYBOT.

Obtaining required approvals and necessary financing by ICE may delay the completion of the merger. Failure to obtain required approvals may reduce the anticipated benefits of the merger.

Completion of the merger is conditioned upon, among other things, the receipt of material governmental authorizations, consents, orders and approvals, including the approval of the CFTC and a private letter ruling from the Internal Revenue Service stating that the merger will be treated as a reorganization for U.S. federal income tax purposes and that the members of NYBOT and holders of NYBOT trading permits will not recognize gain in connection with the merger other than with respect to any cash consideration received. ICE and NYBOT intend to pursue all required approvals in accordance with their obligations under the merger agreement. In connection with granting these approvals, the respective governmental or other authorities may impose conditions on, or require divestitures or other changes relating to, the divisions, operations or assets of ICE or NYBOT. Such conditions, divestitures or other changes may delay completion of the merger or may reduce the anticipated benefits of the merger. See [The Merger Agreement](#) [Conditions to Completion of the Merger](#) for a discussion of the conditions to the completion of the merger and [The Merger](#) [Regulatory Approvals](#) for a description of the regulatory approvals necessary in connection with the merger. In addition, ICE expects to finance a portion of the cash merger consideration through a bank loan and a new revolving credit facility. The terms of the bank loan and the credit facility are subject to negotiation among ICE and its lenders. If one or both of the term loan or credit facility are not in place prior to the completion of the merger (or alternative financing is not arranged), ICE would have insufficient cash on hand to pay the cash consideration in full. As a result, the merger could be delayed with the agreement of NYBOT until alternative financing is arranged.

Risks Relating to ICE's Business Following the Merger

We will face intense competition that could materially and adversely affect our business. If we are not able to compete successfully, our business will not survive.

We currently compete with:

regulated futures exchanges that offer trading in a variety of markets, including energy markets, such as the New York Mercantile Exchange, or NYMEX;

energy futures exchanges, such as European Energy Derivatives Exchange, or Endex (formerly known as Amsterdam Power Exchange), Nord Pool, and Powernext;

voice brokers active in the commodities markets, including GFI, ICAP, Prebon Yamane and Tradition (North America);

other electronic energy trading platforms, such as NGX (a subsidiary of the Toronto Stock Exchange) and Houston Street; and

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market data vendors, such as Bloomberg, Reuters, Argus and Platts (a division of The McGraw-Hill Companies Inc.).

Table of Contents

Upon completion of the merger, we will also compete with the London International Financial Futures and Options Exchange, or LIFFE, which is now a part of Euronext, N.V. for trade execution in futures and options contracts on agricultural products such as sugar, coffee and cocoa. We may also face competition from other regional exchanges, such as the Tokyo Grain Exchange or the Brazilian Mercantile and Futures Exchange, which offer competing contracts for these products.

We may also face additional competition from new entrants to our markets. Competition in the market for commodities trading could increase if new electronic trading platforms or futures exchanges are established, or if existing platforms or exchanges that currently do not trade energy commodities products decide to do so. Additional competition from new entrants to our markets could negatively impact our trading volumes and profitability.

In addition, some of the exchanges, trading systems, dealers and other companies with which we currently or in the future may compete are or may be substantially larger than us and have or may have substantially greater financial, technical, marketing, personnel and other resources and more diverse revenue streams than we do. Some of these exchanges and other businesses have longstanding, well-established and, in some cases, dominant positions in their existing markets. They may offer a broader range of products and services and may take better advantage of business opportunities than we do.

Our ability to continually maintain and enhance our competitiveness and respond to threats from stronger current and potential competitors will have a direct impact on our results of operations. We cannot assure you that we will be able to compete effectively. If our markets, products and services are not competitive, our business, financial condition and operating results will be materially affected. Our business could also be materially affected if we fail to attract new customers or lose a substantial number of our current customers to competitors. In addition, even if new entrants or existing competitors do not significantly erode our market share, we may be required to reduce significantly the rates we charge for trade execution for certain contracts or market data to remain competitive, which could have a material adverse effect on our profitability.

Our principal competitor, NYMEX, is a regulated futures exchange that offers trading in futures products and options on those futures in the crude oil, gas and metals markets, among other commodities markets. NYMEX has taken several actions in the past year to improve its competitive position, including entering into an agreement with the Chicago Mercantile Exchange, or CME, under which CME exclusively lists NYMEX energy contracts on its electronic trading platform. NYMEX now offers electronic trading for its products on a side-by-side basis with its open-outcry markets, which may increase the competition for trading in our electronic platform and negatively impact our trading volume and the liquidity in our markets. Recently, the volume of NYMEX energy futures contracts traded electronically has surpassed the volume of its energy futures contracts traded on its open-outcry market. NYMEX also entered into an alliance with General Atlantic as a strategic partner and is expected to complete an initial public offering of NYMEX common stock in November 2006.

NYMEX also operates its own clearing house. With its own clearing house, NYMEX has had greater flexibility than ICE in introducing new products and providing clearing services. While ICE will operate NYCC following the completion of the merger, ICE may continue to rely upon a third-party, LCH.Clearnet, to provide clearing services for the trading of certain futures and cleared OTC contracts in its markets. See

Following the completion of the merger, we may continue to rely on LCH.Clearnet to provide clearing services for the trading of certain futures and cleared OTC contracts in our markets. We cannot operate our futures and cleared OTC businesses without clearing services.

Our business is primarily transaction-based, and declines in trading volumes and market liquidity would adversely affect our business and profitability.

ICE earns transaction fees for transactions executed in its markets and from the provision of electronic trade confirmation services. ICE derived 87.3%, 87.9%, 83.9% and 86.9% of its consolidated revenues for the nine months ended September 30, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively, from its transaction-based business. NYBOT also has derived a substantial portion of its revenues from

Table of Contents

transaction fees relating to trading on its exchange. NYBOT derived 74.0%, 73.0%, 69.7% and 67.5% of its consolidated revenues for the nine months ended September 30, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively, from its transaction-based business.

The success of our business depends on our ability to maintain and increase our trading volumes and the resulting transaction fees. Following the merger, even if we are able to further diversify our product and service offerings, our revenues and profitability will continue to depend primarily on our transaction-based business. A substantial portion of our revenues will continue to be derived from transaction fees generated from trades executed on our trading platform or NYBOT's exchange floor, which are based primarily on the volume of contracts traded. Any decline in our trading volumes in the short-term or long-term will negatively impact our transaction fees and, therefore, our revenues. Accordingly, the occurrence of any event that reduces the amount of transaction fees we receive, whether as a result of declines in trading volumes or market liquidity, adverse response to ICE's all electronic market, adverse response to side-by-side electronic trading in NYBOT's core agricultural commodity contracts, reductions in commission rates, regulatory changes, competition or otherwise, will have a significant impact on our operating results and profitability. See also Our business depends in large part on volatility in commodity prices generally and in energy commodities prices in particular, Our revenues have depended heavily upon trading volumes in the markets for ICE Brent Crude and ICE Gas Oil futures contracts and OTC North American natural gas and power contracts. A decline in volumes or in our market share in these contracts would jeopardize our ability to remain profitable and grow, and Our business will also depend on the trading volumes of sugar futures contracts and options on sugar futures contracts.

Our business depends in large part on volatility in commodity prices generally and energy prices in particular.

Participants in the markets for energy commodities trading pursue a range of trading strategies. While some participants trade in order to satisfy physical consumption needs, others seek to hedge contractual price risk or take speculative or arbitrage positions, seeking returns from price movements in different markets. Trading volume is driven primarily by the degree of volatility—the magnitude and frequency of fluctuations—in prices of commodities. Higher volatility increases the need to hedge contractual price risk and creates opportunities for speculative or arbitrage trading. Energy commodities markets historically have experienced significant price volatility and in recent years reached record levels. ICE cannot predict whether this pattern will continue, or for how long, or if this trend will reverse itself. Were there to be a sustained period of stability in the prices of energy commodities, ICE could experience lower trading volumes, slower growth or even declines in revenues as compared to recent periods.

In addition to price volatility, the increase in global energy prices, particularly for crude oil, during the past three years may have had a positive impact on the trading volume of global energy commodities, including trading volumes in ICE's markets. If global crude oil prices decrease or return to the lower levels where they historically have been, it is possible that many market participants could reduce their trading activity or leave the trading markets altogether. Global energy prices are determined by many factors, including those listed below, which are beyond our control and are unpredictable. Consequently, we cannot predict whether global energy prices will remain at their current levels, and we cannot predict the impact that these prices will have on our future revenues or profitability.

Factors that are particularly likely to affect price volatility and price levels, and thus trading volumes, include:

economic, political and market conditions in the United States, Europe, the Middle East and elsewhere in the world;

weather conditions, including hurricanes and other significant weather events that impact production, of commodities, and, in the case of energy commodities, production, refining and distribution facilities for oil and natural gas;

the volatility in production volume of the commodities underlying our energy and agricultural products and markets;

war and acts of terrorism;

legislative and regulatory changes;

Table of Contents

credit quality of market participants;

the availability of capital;

broad trends in industry and finance;

the level and volatility of interest rates;

fluctuating exchange rates and currency values; and

concerns over inflation.

Any one or more of these factors may reduce price volatility or price levels in the markets for commodities trading generally and for energy products in particular. Any reduction in price volatility or price levels could reduce trading activity in those markets, including in our markets. Moreover, any reduction in trading activity could reduce liquidity the ability to find ready buyers and sellers at current prices which in turn could further discourage existing and potential market participants and thus accelerate any decline in the level of trading activity in these markets. In these circumstances, the markets with the highest trading volumes, and therefore the most liquidity, would likely have a growing competitive advantage over other markets. This could put us at a greater disadvantage relative to our principal competitor and other competitors, whose markets are larger and more established than ours.

We cannot predict whether or when these unfavorable conditions may arise in the future or, if they occur, how long or severely they will affect trading volumes. A significant decline in our trading volumes, due to reduced volatility, lower prices or any other factor, could have a material adverse effect on our revenues, since our transaction fees would decline, and in particular on our profitability, since our revenues would decline faster than our expenses, some of which are fixed. Moreover, if these unfavorable conditions were to persist over a lengthy period of time and trading volumes were to decline substantially and for a long enough period, the liquidity of our markets, and the critical mass of transaction volume necessary to support viable markets, could be jeopardized.

Our revenues have depended heavily upon trading volumes in the markets for ICE Brent Crude and ICE Gas Oil futures contracts and OTC North American natural gas and power contracts. A decline in volumes or in our market share in these contracts would jeopardize our ability to remain profitable and grow.

ICE's revenues currently depend heavily on trading volumes in four principal markets: the markets for ICE Brent Crude futures contracts, ICE Gas Oil futures contracts, OTC North American natural gas contracts and OTC North American power contracts. Trading in these four contracts in the aggregate has represented over 75% of ICE's consolidated revenues for the most recent interim and annual periods. Our trading volume or market share in these markets may decline due to a number of factors, including:

development of competing contracts, and competition generally;

reliance on technology to conduct trading;

the relative stability of commodity prices;

reduced growth in mature commodity markets;

increased availability of electronic trading on competing contracts;

possible regulatory changes; and

adverse publicity and government investigations.

A decline in trading volumes in one or more of these contracts could adversely affect our business. In February 2006, ICE launched trading in the ICE WTI Crude futures contract, which has traded in substantial volumes since it began trading. While ICE only began to derive transaction fees from this contract in the second

Table of Contents

quarter of 2006, we expect that this contract could represent a significant percentage of our consolidated revenues in future periods. Accordingly, a decline in trading volumes in this contract could adversely affect our future revenues. If ICE's market share in any of these markets declines, participants may decide to trade in other markets and our revenues would decline, which could harm our ability to remain profitable and to grow our business.

Our business will also depend on the trading volumes of sugar futures contracts and options on sugar futures contracts.

Upon completion of the merger, exchange fees derived from trading in sugar futures and options contracts on NYBOT's exchange will be an important source of our transaction fees. NYBOT's sugar futures and options markets are recognized globally and have achieved record trading volumes in recent years. Sugar contracts are NYBOT's largest market and have accounted for 49.9%, 44.2%, 40.1% and 36.1% of NYBOT's total trading volumes for the nine months ended September 30, 2006 and the years ended December 31, 2005, 2004 and 2003, respectively. NYBOT's principal sugar contract, world Sugar No. 11, achieved strong growth in futures and options volumes at the end of September 2006, with over 12.1 million sugar futures contracts traded year to date, representing an increase of 17% over the same period in 2005. The growth in volume of Sugar No. 11 options contracts has exceeded that of the corresponding futures contract, reaching a year to date volume of over 5.0 million contracts through the end of September 2006, representing a 120% increase compared to the same period in 2005. This volume growth is due, in part, to price volatility that was driven by the continued increase in demand for ethanol, which led to the diversion of significant amounts of sugar cane to ethanol production, and to the ongoing increase in global sugar consumption. Additionally, trends in the world sugar market favor trade in raw sugar, which is traded on NYBOT, versus refined sugar, which is traded in other markets, as additional refineries are completed in destinations that do not produce a domestic sugar crop and which previously relied on imports of refined sugar to fill consumption needs. Volumes have also increased due to the growth in asset allocation to index funds and their inclusion of sugar in major indices. A disruption in the growth of the sugar market could have a significant impact on our operating results and profitability.

A decline in the production of commodities traded in our markets could reduce our liquidity and adversely affect our revenues and profitability.

ICE derived 86.1%, 86.9%, 82.1% and 79.1% of its consolidated revenues for the nine months ended September 30, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively, from exchange fees and commission fees generated from trading in commodity products in its futures and OTC markets. The volume of contracts traded in the futures and OTC markets for any specific commodity tends to be a multiple of the physical production of that commodity. If the physical supply or production of any commodity declines, market participants could become less willing to trade in contracts based on that commodity. For example, ICE Brent Crude futures contract has been subject to this risk as production of Brent crude oil peaked in 1984 and began steadily falling in subsequent years. ICE, in consultation with market participants, altered the mechanism for settlement of ICE Brent Crude futures contract to a mechanism based on the Brent/Forties/Oseberg North Sea oil fields, known as the BFO Index, to ensure that the commodity prices on which its settlement price is based reflect a large enough pool of traders and trading activity so as to be less susceptible to manipulation. Market participants that trade in ICE Brent Crude futures contract may determine in the future, however, that additional underlying commodity products need to be considered in the settlement of that contract or that the settlement mechanism is not credible. Exchange fees earned from trading in ICE Brent Crude futures contract accounted for 52.8%, 68.8%, 65.3% and 66.6% of ICE's total revenues from its futures business, net of intersegment fees, for the nine months ended September 30, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively, or 21.1%, 26.5%, 29.7% and 30.4% of ICE's consolidated revenues for the nine months ended September 30, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively. Any uncertainty concerning the settlement of ICE Brent Crude futures contract, or a decline in the physical supply or production of any other commodity on which our trading products are based, including agricultural commodities underlying NYBOT's core products, could result in a decline in trading volumes in our markets, adversely affecting our revenues and profitability.

Table of Contents

We may explore acquisition opportunities relating to other businesses, products or technologies. If we do, we may be unable to integrate them successfully with our business, or the acquisition may not produce the results we anticipated.

We intend to continue to explore and pursue acquisition opportunities to strengthen our business and grow our company. We may enter into business combination transactions, make acquisitions or enter into strategic partnerships, joint ventures or alliances, which may be material. We may enter into these transactions to acquire other businesses, products or technologies to expand our products and services, advance our technology or take advantage of new developments and potential changes in the industry.

The market for acquisition targets and strategic alliances is highly competitive, particularly in light of increasing consolidation in the exchange sector. As a result, we may be unable to identify strategic opportunities or we may be unable to negotiate or finance any future acquisition successfully.

We also have limited experience in integrating a significant acquisition into our business, other than our acquisition of ICE Futures. The process of integration may produce unforeseen regulatory and operating difficulties and expenditures and may divert the attention of management from the ongoing operation of our business. Additionally, further growth of our company following the merger with NYBOT could place a significant strain on our personnel, systems and other resources, and the integration of the NYBOT transaction may divert resources from pursuing, and negatively impact our ability to pursue, strategic acquisitions.

Further, as a result of any future acquisition, we may issue additional shares of common stock that dilute shareholders ownership interest in us, expend cash, incur debt, assume contingent liabilities or create additional expenses related to amortizing intangible assets with estimable useful lives, any of which could harm our business, financial condition or results of operations and negatively impact our stock price.

We may lose trading volume in NYBOT's markets if electronic trading is not accepted and adopted as and to the extent we introduce it into NYBOT's markets.

NYBOT has historically operated, and continues to operate, a traditional open-outcry trading floor on which all transactions are executed. Although ICE operates its electronic trading platform exclusively, and closed its open-outcry trading floor in April 2005, the merger agreement preserves certain core rights of NYBOT members relating to open-outcry trading of NYBOT's agricultural products following the merger. For example, under the terms of the merger agreement, NYBOT's trading floor may not be closed until 2013 unless certain conditions occur or there is a supermajority approval by the board of directors and the public directors of the surviving corporation. Until then, transactions for core NYBOT agricultural products executed electronically on ICE's platform will be charged an exchange fee that is \$1.00 greater per side than the exchange fee charged for the same transaction executed by open-outcry, subject to certain exceptions in the event a competing exchange introduces a competing contract or the board of directors of the surviving corporation by supermajority approval of its board and its public directors determines otherwise. Consistent with these rights, we expect to maintain side-by-side trading with respect to certain agricultural products traded in NYBOT's markets for the foreseeable future.

We cannot assure you that electronic trading will be accepted or adopted by NYBOT participants. While there has been increasing acceptance and adoption of electronic trading by market participants generally, our competitive position could be impaired if electronic trading on our platform is not successful or if trading volumes in NYBOT's products decline because its participants elect to trade on another platform or exchange. Declining trading volumes may make NYBOT's futures markets less liquid than those of competing markets. We believe that the future success of our business will depend on our ability to create and maintain liquid electronic marketplaces in our products that satisfy the required functionality, performance, reliability and speed to attract and retain our customers.

In addition, the cost of operating both electronic and open-outcry trading platforms for designated agricultural products may be expensive both in terms of costs and managerial resources and other required

Table of Contents

resources. We may not have sufficient resources to adequately support or manage both trading venues, which may result in resource allocation decisions that materially adversely impact one or both venues. Also, if we continue to operate both trading platforms, liquidity on each may be less than the liquidity on a competitive unified trading platform, making NYBOT's trading platforms less attractive and less competitive. As a result, our total revenues may be lower than if we operated only electronic trading or only open-outcry trading with respect to NYBOT's agricultural products. Moreover, to the extent that we continue to operate two trading venues, our board and management may make decisions that are designed to enhance the continued viability of two separate trading platforms, which may have a negative impact on the overall competitiveness of each trading platform. Finally, to the extent NYBOT's trading floor is closed, participants may seek alternative open-outcry trade execution rather than transitioning to electronic trade execution. If this occurs, our trading volumes will likely decline.

Following the completion of the merger, we may continue to rely on LCH.Clearnet to provide clearing services for the trading of certain futures and cleared OTC contracts in our markets. We cannot operate our futures and cleared OTC businesses without clearing services.

ICE currently does not own a clearing house and has contracted with LCH.Clearnet to provide clearing services to it for all futures contracts traded in its markets. Following the completion of the merger, we may continue to obtain clearing services from LCH.Clearnet even though we will own and operate NYCC. Pursuant to our contract with LCH.Clearnet, LCH.Clearnet has agreed to provide clearing services in respect of ICE's futures contracts for an indefinite term, subject to termination by either party upon one year's prior written notice, provided the contract is not otherwise terminated in accordance with its terms. Pursuant to a separate contract with LCH.Clearnet, LCH.Clearnet has agreed to provide clearing services to participants in ICE's OTC business that trade designated contracts eligible for clearing, subject to the same termination provisions described above.

Following the completion of the merger, NYCC will continue to serve as the designated clearing house for all trades executed on NYBOT's exchange. As part of the integration of our businesses, we may consider clearing certain futures and OTC contracts through NYCC. We cannot assure you that we will do so or that we will be able to do so on the same terms as we have contracted with LCH.Clearnet. NYCC is not currently authorized by United Kingdom regulators to clear transactions executed on an exchange located in the United Kingdom. Consequently, NYCC will not be able to clear trades for ICE Futures until it obtains such recognition, which could take considerable time. There is no assurance that such recognition will be granted.

If the clearing services provided to ICE's OTC or futures customers were suspended or interrupted following the termination of our contracts with LCH.Clearnet or for any other reason, and we were unable to provide clearing services to these customers through NYCC or an alternate provider on a timely basis, our business, financial condition and results of operations would be materially and adversely affected. In particular, if our agreement with LCH.Clearnet with respect to our futures business was terminated and NYCC could not provide clearing services for ICE's futures products, or we could not obtain clearing services from an alternate provider, we may be unable to operate certain of ICE's futures markets and would possibly be required to cease operations in that segment of our business. For the nine months ended September 30, 2006, and for the years ended December 31, 2005, 2004 and 2003, transaction fees generated by ICE's futures business, which are also referred to as exchange fees, accounted for 39.2%, 36.7%, 42.0% and 42.6%, respectively, of ICE's consolidated revenues.

If ICE's agreement with LCH.Clearnet relating to its OTC business was terminated and NYCC could not provide these clearing services, we may be unable to offer clearing services in connection with trading certain OTC contracts in our markets for a considerable period of time. While we would still be able to offer OTC trading in bilateral contracts, our inability to offer trading in cleared contracts, assuming that no other clearing alternatives were available, including NYCC, would significantly impair our ability to compete, particularly in light of the launch of a competing swaps-to-futures clearing facility by one of our competitors and the ease with

Table of Contents

which other competitors can introduce new cleared OTC and futures products. For the nine months ended September 30, 2006, and for the years ended December 31, 2005, 2004 and 2003, transaction fees derived from trading in cleared OTC contracts accounted for 38.3%, 37.5%, 21.7% and 6.4%, respectively, of ICE's consolidated revenues. ICE's cleared OTC contracts have been a significant component of our business, and accounted for 70.9%, 69.3%, 47.6% and 13.9% of revenues, net of the intersegment fees, generated by ICE's OTC business for the nine months ended September 30, 2006, and for the years ended December 31, 2005, 2004 and 2003, respectively.

Currently, ICE's ability to introduce new cleared OTC products is subject to review by and approval of LCH.Clearnet. LCH.Clearnet also sets all of the related clearing fees, which may be set at prices higher than those set by our competitors or at levels prohibitive to trading. If NYCC is unable to provide these services for ICE's futures and OTC contracts, or LCH.Clearnet elects for strategic reasons to discontinue providing clearing services to ICE at any time following appropriate notice, our business, financial condition and results of operations could be materially and adversely affected. For example, LCH.Clearnet could decide to enter into a strategic alliance with a competing exchange or other trading facility. In addition, according to the terms of ICE's contract with LCH.Clearnet with respect to its OTC business, its relationship may be terminated upon a change in control of either party. While the merger will not result in a change in control of ICE for purposes of this agreement, LCH.Clearnet may still seek to terminate the contract. The commodity markets have experienced increased consolidation in recent years and may continue to do so, and strategic alliances and changes in control involving various market participants are possible. LCH.Clearnet is owned by its members, which include banks and other financial institutions whose commercial interests are broader than the clearing services business. We cannot assure you that ICE's futures or OTC businesses would be able to obtain clearing services from NYCC or an alternate provider in sufficient time to avoid or mitigate the material adverse effects described above and, in the case of an alternate provider, on acceptable terms.

Upon completion of the merger, we will be exposed to risks related to the cost of operating a clearing house and the risk of defaults by our participants clearing trades through our clearing house.

Following the completion of the merger, we will operate NYCC, which will require substantial ongoing expenditures and consume a significant portion of management's time. The diversion of management attention may limit our ability to expand our business in other ways, such as through acquisitions of other companies or the development of new products and services. We cannot assure you that NYCC's clearing arrangements will continue to be satisfactory to NYBOT's participants or will not require substantial systems modifications to accommodate them in the future. Further, we cannot assure you that if we elect to use NYCC as the designated clearing house for certain of ICE's futures and OTC contracts, our participants will find these services suitable or on terms acceptable to them. The transition to new clearing facilities for many ICE participants could be disruptive and costly. Our operation of NYCC may not be as successful and may not provide us the benefits we anticipated. Our operation of NYCC may not generate sufficient revenues to cover the expenses we incur.

There are also substantial risks inherent in operating a clearing house, including exposure to the credit risk of clearing members, to which ICE is not currently subject, and defaults by clearing members could subject our business to substantial losses. Although NYCC currently has policies and procedures to help ensure that clearing members can satisfy their obligations, these policies and procedures may not succeed in detecting problems or preventing defaults. NYCC also has in place various measures intended to enable it to cover any default and maintain liquidity. However, we cannot assure you that these measures will be sufficient to protect us from a default or that we will not be materially and adversely affected in the event of a significant default. Additionally, the default of any one of the clearing members could cause our customers to lose confidence in our markets and the guarantee of NYCC, which would have an adverse effect on our business.

We will also be subject to additional regulation as a result of owning a clearing house. See We are currently subject to regulation, and we will be subject to further regulation upon the completion of the merger. Failure to comply with existing regulatory requirements, and possible future changes in these requirements or in the current interpretation of these requirements, could adversely affect our business.

Table of Contents

We are currently subject to regulation, and we will be subject to further regulation upon the completion of the merger. Failure to comply with existing regulatory requirements, and possible future changes in these requirements or in the current interpretation of these requirements, could adversely affect our business.

ICE currently operates its OTC markets as an exempt commercial market under the CEA. As such, ICE is subject to anti-fraud, anti-manipulation, access, reporting and record-keeping requirements of the CFTC. However, unlike a futures exchange, OTC trading is not currently regulated by the CFTC. Members of Congress have, at various times over the last several years, introduced legislation seeking to restrict OTC derivatives trading of energy generally and to bring electronic trading of OTC energy derivatives within the direct scope of CFTC regulation. Separate pieces of legislation have recently been introduced in Congress that would (i) provide the CFTC with the authority to require exempt commercial markets to comply with additional regulatory requirements, including the imposition of position limits, and to require some participants on exempt commercial markets to file reports on their positions, and (ii) place price controls on natural gas derivatives and make those derivatives tradable only on a designated contract market, which is a regulatory status ICE does not presently hold. If adopted, this legislation could require us and our OTC participants to operate under heightened regulatory burdens and incur additional costs in order to comply with the additional regulations, and could deter some participants from trading on our OTC platform.

In contrast to the OTC business, ICE Futures, through which we conduct our energy futures business, operates as a Recognized Investment Exchange in the United Kingdom. As a Recognized Investment Exchange, ICE Futures has regulatory responsibility in its own right and is subject to supervision by the Financial Services Authority pursuant to the Financial Services and Markets Act 2000, or FSMA. ICE Futures is required under the FSMA to maintain sufficient financial resources, adequate systems and controls and effective arrangements for monitoring and disciplining its members. ICE Futures' ability to comply with all applicable laws and rules is largely dependent on its maintenance of compliance, audit and reporting systems. We cannot assure you that these systems and procedures are fully effective.

Electronic trading in futures contracts on ICE Futures is permitted in many jurisdictions, including in the United States, through no-action relief from the local jurisdiction's regulatory requirements. In the United States, direct electronic access to trading in ICE Futures products is offered to U.S. persons based on a series of no-action letters from the CFTC that permit non-U.S. exchanges, referred to as foreign boards of trade, to provide U.S. persons with electronic access to their markets without registration with the CFTC. In connection with the launch of ICE WTI Crude futures contract in February 2006, the CFTC stated that it would evaluate the future use of its no-action process. As part of its evaluation, the CFTC held a public hearing on June 27, 2006 to consider the issue of what constitutes a board of trade, exchange, or market located outside the United States for the purposes of exemption from CFTC jurisdiction and regulation. On November 2, 2006, the CFTC issued a Statement of Policy affirming the use of its no-action process to permit foreign boards of trade to provide U.S. persons with electronic access to their markets.

Our ability to offer new futures products under ICE's existing no-action relief could be impacted by any actions taken by the CFTC as a result of future policy review. If we are unable to offer additional U.S. futures products, or if our offerings of products through ICE Futures to U.S. participants are subject to additional regulatory constraints, our business could be adversely affected. If the CFTC revokes or makes substantial revisions to the no-action process or to the no-action decisions upon which we currently rely, ICE Futures may be required to comply with additional regulation in the United States, including the possibility of being required to register as a regulated futures exchange in the United States, known as a designated contract market. Requiring ICE Futures to comply with regulation in addition to that presently required by its primary regulator, the FSA, would be costly and time consuming and could subject ICE Futures to duplicative or inconsistent regulatory requirements. Failure to comply with current regulatory requirements and regulatory requirements that may be imposed on us in the future could subject us to significant penalties, including termination of its ability to conduct our regulated futures business conducted through ICE Futures.

Table of Contents

Upon completion of the merger, we will be subject to the regulatory framework that governs NYBOT's open-outcry trading floor, which is a designated contract market under the regulation of the CFTC. As a self-regulatory organization, we will be responsible for ensuring that the exchange operates in accordance with existing rules and regulations.

Generally, we dedicate significant resources to protect the integrity of our markets, and the reputation of our markets for fairness and transparency is a significant factor in our long-term success. New regulations or enforcement may force us to allocate more resources to regulation or confidence in our markets may be diminished and our business may be adversely affected. Even the perception of unfairness or illegal behavior in our markets could adversely affect our business.

In addition, the recent demise in certain hedge funds that traded energy commodities may result in additional regulation by the CFTC or Congress. Legislative and regulatory initiatives, either in the United States, the United Kingdom or elsewhere, could affect one or more of the following aspects of our business or impose one or more of the following requirements:

the manner in which we communicate with and contract with our participants;

the demand for and pricing of our products and services;

the tax treatment of trading in our products;

a requirement that we maintain minimum regulatory capital on hand;

a requirement that we exercise regulatory oversight of our OTC participants, and assume responsibility for their conduct;

our financial and regulatory reporting practices;

our record-keeping and record-retention procedures;

the licensing of our employees; and

the conduct of our directors, officers, employees and affiliates.

The implementation of new regulations, or changes in or unfavorable interpretations of existing regulations by courts or regulatory bodies could require us to incur significant compliance costs and impede our ability to operate, expand and enhance our electronic platform as necessary to remain competitive and expand our business. Regulatory changes inside or outside the United States or the United Kingdom could materially and adversely affect our business, financial condition and results of operations.

Proposals of legislation or regulatory changes preventing clearing facilities from being owned or controlled by exchanges, even if unsuccessful, may limit or stop NYBOT's ability to run a clearing house.

Many clearing firms have increasingly emphasized the importance to them of centralizing clearing of futures contracts and options on futures in order to maximize the efficient use of their capital, exercise greater control over their value at risk and extract greater operating leverage from clearing activities. Many have expressed the view that clearing firms should control the governance of clearing houses or that clearing houses should be operated as utilities rather than as for-profit enterprises. Some of these firms, along with the Futures Industry Association, are attempting to cause legislative or regulatory changes to be adopted that would facilitate mechanisms or policies that allow market participants to

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transfer positions from an exchange-owned clearing house to a clearing house owned and controlled by clearing firms. If these legislative or regulatory changes are adopted, our strategy and business plan may lead clearing firms to establish, or seek to use, alternative clearing houses for clearing positions established on our exchange. Even if they are not successful in their efforts, the factors described above may cause clearing firms to limit or stop the use of our clearing house. If any of these events occur, our revenues and profits would be materially and adversely affected.

Table of Contents

The nature and role of NYBOT's self-regulatory responsibilities may change.

Some financial services regulators have publicly stated their interest in evaluating the ability of a financial exchange, organized as a for-profit corporation, to adequately discharge its self-regulatory responsibilities. NYBOT's regulatory programs and capabilities contribute significantly to its brand name and reputation. Although we believe that NYBOT will be permitted to maintain these responsibilities, we cannot assure you that NYBOT will not be required to modify or restructure its regulatory functions in order to address these or other concerns. Any such modifications or restructuring of its regulatory functions could entail material costs that have not currently been planned for. The CFTC has recently issued for public comment proposed changes to conflict of interest rules, including rules relating to the governance of self-regulatory organizations. Any such changes could impose significant costs and other burdens on NYBOT.

The energy commodities trading industry in North America has been subject to increased regulatory scrutiny in the recent past, and we face the risk of changes to our regulatory environment in the future, which may diminish trading volumes on ICE's electronic platform.

ICE's OTC business is currently subject to limited regulatory oversight due to the limitations on the types of market participants that are eligible to trade in the OTC markets. As an exempt commercial market, ICE is not subject to registration as an exchange nor to the type of comprehensive oversight to which exchanges, like NYBOT, are subject. Instead, ICE is required to comply with access, reporting and record-keeping requirements of the CFTC. In addition, ICE Futures is subject to primary regulation by the FSA, and offers its products for trading in the United States pursuant to a series of no-action letters, which effectively exempts it from CFTC jurisdiction and regulation.

In past years, and again recently, the market for OTC energy commodities trading has been the subject of increased scrutiny by regulatory and enforcement authorities due to a number of highly publicized problems involving energy commodities trading companies, particularly hedge funds. This increased scrutiny has included investigations by the Department of Justice, the Federal Energy Regulatory Commission and the Federal Trade Commission of alleged manipulative trading practices, misstatements of financial results, and other matters.

Furthermore, in response to the rise in energy commodity prices in recent years and allegations that manipulative trading practices by certain market participants may have contributed to the rise in prices, legislative and regulatory authorities at both the federal and state levels, as well as political and consumer groups, have called for increased regulation and monitoring of the OTC energy commodities markets and a review of the no-action process pursuant to which ICE Futures' contracts are presently offered to market participants in the United States. For example, regulators in some states have publicly questioned whether some form of regulation, including price controls, should be re-imposed in OTC commodities markets, particularly in states where power markets were deregulated in recent years. In addition, members of Congress have, at various times in the last several years, introduced legislation seeking to restrict OTC derivatives trading of energy contracts generally, to bring electronic trading of OTC energy derivatives within the direct scope of CFTC regulation, to impose position limits on trading in energy commodities, and to provide for expanded CFTC surveillance of both OTC and futures markets and the people and entities that trade in those markets. Most recently, the United States Senate Permanent Subcommittee on Investigations issued a report regarding its investigation into the role of market speculation in rising oil and gas prices in which it specifically refers to ICE. If any of these measures are implemented, they could reduce demand for our products, which will adversely affect our business.

Also, on January 19, 2006, the Federal Energy Regulatory Commission issued final rules under the Energy Policy Act of 2005 clarifying the agency's authority over market manipulation by all electricity and natural gas sellers, transmission owners and pipe lines, regardless of whether they are regulated by the Federal Energy Regulatory Commission. In addition, the Energy Policy Act of 2005 granted the Federal Energy Regulatory Commission the power to prescribe rules related to the collection and government dissemination of information regarding the availability and price of natural gas and wholesale electric energy. These rules and possible future

Table of Contents

exercises of the Federal Energy Regulatory Commission's rulemaking powers could adversely affect the trading of certain of our products and adversely impact demand for ICE Data's market data products in the United States or have other material adverse impacts on our business.

It is possible that future unanticipated events in the markets for energy commodities trading will lead to additional regulatory scrutiny and changes in the level of regulation to which we are subject. Increased regulation of our participants or our markets could materially adversely affect our business. The imposition of stabilizing measures such as price controls in energy commodities markets could substantially reduce or potentially even eliminate trading activity in affected markets. New laws and rules applicable to us could significantly increase our regulatory compliance costs, delay or prevent us from introducing new products and services as planned and discourage some market participants from using ICE's electronic platform. Allegations of manipulative trading by market participants could subject us to regulatory scrutiny and possibly fines or restrictions on its business, as well as significant legal expenses and adverse publicity. All of this could lead to lower trading volumes and transaction fees, higher operating costs and lower profitability or losses.

If we are unable to keep up with rapid changes in technology and participant preferences, we may not be able to compete effectively.

To remain competitive, we must continue to enhance and improve the responsiveness, functionality, accessibility and reliability of ICE's electronic platform and our proprietary technology. The financial services industry is characterized by rapid technological change, change in use patterns, change in client preferences, frequent product and service introductions and the emergence of new industry standards and practices. These changes could render our existing proprietary technology uncompetitive or obsolete. Our ability to pursue our strategic objectives, including increasing trading volumes on our trading platforms, as well as our ability to continue to grow our business, will depend, in part, on our ability to:

enhance our existing services and maintain and improve the functionality and reliability of ICE's electronic platform, in particular, reducing network downtime;

develop or license new technologies that address the increasingly sophisticated and varied needs of our participants;

anticipate and respond to technological advances and emerging industry practices on a cost-effective and timely basis; and

continue to attract and retain highly skilled technology staff to maintain and develop our existing technology and to adapt to and manage emerging technologies.

We cannot assure you that we will successfully implement new technologies or adapt our proprietary technology to our participants requirements or emerging industry standards in a timely and cost-effective manner. Any failure to remain abreast of industry standards in technology and to be responsive to participant preferences could cause our market share to decline and negatively impact our profitability.

Our operating results may be subject to significant fluctuations due to a number of factors.

A number of factors beyond our control may contribute to substantial fluctuations in our operating results following the completion of the merger, particularly in our quarterly results. As a result of the factors described in the preceding risk factors, you will not be able to rely on ICE's and NYBOT's historical operating results in any particular period as an indication of our future performance. The commodities trading industry and energy commodities trading in particular has historically been subject to variability in trading volumes due primarily to five key factors. These factors include geopolitical events, weather, real and perceived supply and demand imbalances in the underlying commodities, the number of trading days in a quarter and seasonality. As a result of one or more of these factors, trading volumes in our markets could decline, possibly significantly, which would adversely affect our revenues derived from transaction fees. If we fail to meet securities analysts expectations

Table of Contents

regarding our operating performance, the price of ICE common stock could decline substantially. See also Risks Relating to an Investment in ICE's Common Stock The market price of ICE's common stock may fluctuate significantly.

Our cost structure is largely fixed. If our revenues decline and we are unable to reduce our costs, or if our expenses increase without a corresponding increase in revenues, our profitability will be adversely affected.

ICE's cost structure has been largely fixed, and following the merger, we expect that it will continue to be largely fixed. We base our expectations of our cost structure on historical and expected levels of demand for our products and services as well as our fixed operating infrastructure, such as computer hardware and software, hosting facilities and security and staffing levels. If demand for our products and services declines and, as a result, our revenues decline, we may not be able to adjust our cost structure on a timely basis. In that event, our profitability will be adversely affected.

Fluctuations in currency exchange rates may adversely affect our operating results.

The revenues, expenses and financial results of ICE Futures and other U.K. subsidiaries have historically been denominated in pounds sterling, the functional currency of ICE's U.K. subsidiaries. ICE had foreign currency translation risk equal to its net investment in its subsidiaries. The financial statements of ICE's U.K. subsidiaries were translated into U.S. dollars using current rates of exchange, with gains or losses included in the cumulative translation adjustment account, a component of shareholders' equity. As of September 30, 2006 and December 31, 2005, the portion of ICE's shareholders' equity attributable to accumulated other comprehensive income from foreign currency translation was \$29.9 million and \$21.3 million, respectively. The period-end foreign currency exchange rate for pounds sterling to the U.S. dollar increased from 1.7188 as of December 31, 2005 to 1.8716 as of September 30, 2006.

Effective as of July 1, 2006, the functional currency of the majority of ICE's U.K. subsidiaries became the U.S. dollar. The functional currency of an entity is the currency of the primary economic environment in which the entity operates. A change in functional currency should be accounted for prospectively, and previously issued financial statements should not be restated for a change in functional currency. In addition, if the functional currency changes from a foreign currency to the reporting currency, as is the case with ICE, translation adjustments for prior periods should not be removed from equity and the translated amounts for non-monetary assets as the end of the prior period become the accounting basis for those assets in the period of the change and subsequent periods. The functional currency switched based on various economic factors and circumstances, including the fact that beginning in the second quarter of 2006, ICE Futures began to charge and collect exchange fees in U.S. dollars rather than pounds sterling in its key futures contracts, including crude oil and heating oil contracts. We will no longer recognize any translation adjustments in the consolidated financial statements subsequent to June 30, 2006 for those U.K. subsidiaries that will switch their functional currency to the U.S. dollar. However, gains and losses from foreign currency transactions will continue to be included in other income (expense) in our consolidated statements of income.

We have foreign currency transaction risk primarily related to the settlement of foreign assets, liabilities and payables that occur through our foreign operations which are received in or paid in pounds sterling. ICE had foreign currency transaction gains (losses) of (\$516,000) and \$1.3 million for the nine months ended September 30, 2006 and 2005, respectively, primarily attributable to the fluctuations of pounds sterling relative to the U.S. dollar. The average exchange rate of pounds sterling to the U.S. dollar increased from 1.8065 for the nine months ended September 30, 2005 to 1.8839 for the nine months ended September 30, 2006.

We may experience substantial gains or losses from foreign currency transactions in the future given there are still net assets and expenses of our U.K. subsidiaries that are denominated in pounds sterling. Of ICE's consolidated operating expenses, 30.5% and 35.5% were denominated in pounds sterling for the nine months ended September 30, 2006 and 2005, respectively. As the pounds sterling exchange rate changes, the U.S.

Table of Contents

equivalent of expenses denominated in foreign currencies changes accordingly. All sales in ICE's business are denominated in U.S. dollars, except for some small futures contracts in ICE's futures business segment. ICE's U.K. operations in some instances function as a natural hedge because ICE generally holds an equal amount of monetary assets and liabilities that are denominated in pounds sterling.

While we expect to continue to enter into hedging transactions to help mitigate our foreign exchange risk exposure, primarily with respect to our net investment in our U.K. subsidiaries, these hedging arrangements may not always be effective, particularly in the event of imprecise forecasts of the levels of its non-U.S. denominated assets and liabilities. Accordingly, if there is an adverse movement in exchange rates, we may suffer significant losses, which would adversely affect our operating results and financial condition.

The nature of our business is highly competitive, which may result in litigation with competitors or competitors' affiliated entities.

Our business is highly competitive. ICE has been sued in the past by NYMEX and was also sued by MBF Clearing Corp, an entity closely affiliated with NYMEX, over actions ICE had taken in connection with conducting its business. While ICE was awarded summary judgment on the NYMEX suit, the decision was appealed by NYMEX. ICE also settled the MBF litigation. These litigations have been costly and time consuming. For a discussion of these matters, see Information About ICE Legal Proceedings. Moreover, the results of the NYMEX litigation, or any future litigation, are inherently uncertain and may result in adverse rulings or decisions that may, individually or in the aggregate, impact our business in a material and adverse manner. See also Any infringement by us of intellectual property rights of others could result in litigation and adversely affect our ability to continue to provide, or increase the costs of providing, our products and services.

Any infringement by us of intellectual property rights of others could result in litigation and adversely affect our ability to continue to provide, or increase the cost of providing, our products and services.

Patents and other intellectual property rights are increasingly important as further electronic components are added to trading, and patents and other intellectual property rights of third parties may have an important bearing on our ability to offer certain of our products and services. Our competitors, as well as other companies and individuals, may have obtained, and may be expected to obtain in the future, patent rights related to the types of products and services we offer or plan to offer. We cannot assure you that we are or will be aware of all patents that may pose a risk of infringement by our products and services. In addition, some patent applications in the United States are confidential until a patent is issued, and therefore we cannot evaluate the extent to which our products and services may be covered or asserted to be covered in pending patent applications. Thus, we cannot be sure that our products and services do not infringe on the rights of others or that others will not make claims of infringement against us.

In addition, our competitors may claim other intellectual property rights over information that is used by us in our product offerings. For example, in November 2002, NYMEX filed claims against ICE in the U.S. District Court for the Southern District of New York asserting that, among other things, it infringed copyrights NYMEX claims exist in its publicly available settlement prices that ICE uses in connection with the clearing of certain OTC derivative contracts. While the court granted a motion for summary judgment in ICE's favor in September 2005 dismissing all claims brought against it by NYMEX, NYMEX is appealing the ruling of the District Court to the Second Circuit Court of Appeals, and no decision has yet been made by the Court of Appeals. If NYMEX successfully appeals the court's judgment and ICE is subsequently found to have infringed NYMEX's intellectual property rights after a trial, we may incur substantial monetary damages and may be enjoined from using or referring to one or more types of NYMEX settlement prices. If we are so enjoined, we could lose all or a substantial portion of our cleared trading volume in Henry Hub natural gas and West Texas Intermediate crude oil contracts and the related commission revenues. For more information regarding the NYMEX litigation, see Information About ICE Legal Proceedings NYMEX Claim of Infringement.

Table of Contents

With respect to our intellectual property, if one or more of our products or services is found to infringe patents held by others, it may be required to stop developing or marketing the products or services, obtain licenses to develop and market the products or services from the holders of the patents or redesign the products or services in such a way as to avoid infringing the patents. We also could be required to pay damages if we were found to infringe patents held by others, which could materially adversely affect our business, financial condition and operating results. We cannot assess the extent to which we may be required in the future to obtain licenses with respect to patents held by others, whether such licenses would be available or, if available, whether it would be able to obtain such licenses on commercially reasonable terms. If we were unable to obtain such licenses, we may not be able to redesign our products or services at a reasonable cost to avoid infringement, which could materially adversely affect our business, financial condition and operating results.

Some of the proprietary technology we employ may be vulnerable to infringement by others.

Our business is dependent on proprietary technology and other intellectual property that we own or license from third parties. Despite precautions we have taken or may take to protect our intellectual property rights, third parties could copy or otherwise obtain and use our proprietary technology without authorization. It may be difficult for us to monitor unauthorized use of our intellectual property. We cannot assure you that the steps that we have taken will prevent misappropriation of our proprietary technology or intellectual property.

ICE has filed U.S. patent applications for our electronic trade confirmation service, our method to allow a participant to engage in program trading while protecting its data (referred to as ICEMaker), our method for displaying both cleared and bilateral OTC contracts in single price stream, our method for locking prices on electronic trading screens, and our method for exchanging OTC contracts and futures contracts in similar base commodities on an electronic trading platform. In addition, we have been issued a joint U.S. patent with NYMEX covering an implied market trading system. ICE has also filed patent applications in the European Patent Office and Canada for our electronic trade confirmation service and our method for displaying cleared and bilateral OTC contracts in a single price stream, as well as having made a filing under the Patent Cooperation Treaty with respect to ICEMaker. On May 5, 2006, ICE filed two new patent applications with the U.S. patent office and three corresponding patent applications under the Patent Cooperation Treaty, all of which related to systems and features for trading commodities contracts. We cannot assure you that we will obtain any final patents covering these services, nor can we predict the scope of any patents issued. In addition, we cannot assure you that any patent issued will be effective to protect this intellectual property against misappropriation. Third parties in Europe or elsewhere could acquire patents covering this or other intellectual property for which ICE obtains patents in the United States, or equivalent intellectual property, as a result of differences in local laws affecting patentability and patent validity. Third parties in other jurisdictions might also misappropriate ICE's intellectual property rights with impunity if intellectual property protection laws are not actively enforced in those jurisdictions. Patent infringement and/or the grant of parallel patents would erode the value of ICE's intellectual property.

ICE has secured trademark registrations for IntercontinentalExchange and ICE from the United States Patent and Trademark Office and from relevant agencies in Europe as appropriate, as well as registrations for other trademarks used in ICE's business. ICE also has several U.S. and foreign applications pending for other trademarks used in ICE's business. We cannot assure you that any of these marks for which applications are pending will be registered.

Upon completion of the merger, we will have a number of products and services that are protected by copyright, service mark, trademark law and contractual safeguards to proprietary interest in these products and services. For example, eCOPS, Coffee C and US Dollar Index will all be protected by trademarks as branded property of ICE. However, we may not be able to protect certain products and services against duplication by competitors. Certain countries where NYBOT's commodities are produced and consumed may not recognize intellectual property rights in accordance with U.S. law.

Table of Contents

In addition, we may have to resort to litigation to enforce our intellectual property rights, protect our trade secrets, and determine the validity and scope of the intellectual property rights of others or defend ourselves from claims of infringement. We may not receive an adequate remedy for any infringement of our intellectual property rights, and we may incur substantial costs and diversion of resources and the attention of management as a result of litigation, even if we prevail. As a result, we may choose not to enforce our infringed intellectual property rights, depending on our strategic evaluation and judgment regarding the best use of our resources, the relative strength of our intellectual property portfolio and the recourse available to us.

We face significant challenges in implementing our strategic goals of expanding product and service offerings and attracting new market participants to our markets. If we do not meet these challenges, we may not be able to increase our revenues or remain profitable.

We seek to expand the range of commodity products that can be traded in our markets and to ensure that trading in those new products becomes liquid within a sufficiently short period of time to support viable trading markets. We also seek to expand the number of contracts traded in our futures markets following the potential closure of our open-outcry trading floor. In meeting these strategic goals, however, we face a number of significant challenges, including the following:

To introduce new cleared contracts that will be cleared through LCH.Clearnet, we must first obtain their approval. The timing and terms of LCH.Clearnet's approval may prevent us from bringing new cleared contracts to market as quickly and competitively as our competitors. The approval of LCH.Clearnet and the timing of our receipt will depend upon the type of product proposed, the type and extent of system modification required to establish clearing functionality for the relevant product and the integration of the new contract with ICE's electronic platform and other challenges posed. This could result in a substantial delay between development of a cleared contract and our offering of it on ICE's electronic platform.

Prior to launching a new contract, we must satisfy certain regulatory obligations, which if not satisfied could delay the launch of the new contract.

To expand the use of ICE's electronic platform to additional participants and contracts, we must continue to expand capacity without disrupting functionality to satisfy evolving customer requirements.

To introduce new trading-related services, we must develop additional systems technology that will interface successfully with the wide variety of unique internal systems used by our participants. These challenges may involve unforeseen costs and delays.

We must continue to build significant brand recognition among commodities market participants in order to attract new participants to our markets. This will require us to increase our marketing expenditures. The cost of our marketing efforts may be greater than we expect, and we cannot assure you that these efforts will be successful.

Even if we resolve these issues and are able to introduce new products and services, there is no assurance that they will be accepted by our participants, attract new market participants, or be competitive with those offered by other companies. If we do not succeed in these efforts on a consistent, sustained basis, we will be unable to implement our strategic objectives. This would seriously jeopardize our ability to increase and diversify our revenues, remain profitable and continue as a viable competitor in our markets.

Reductions in our exchange rates or commission rates resulting from competitive pressures could lower our revenues and profitability.

We expect to experience pressure on our exchange rates and commission rates as a result of competition we face in our futures and OTC markets. Some of our competitors offer a broader range of products and services to a larger participant base, and enjoy higher trading volumes, than we do. Consequently, our competitors may be able and willing to offer commodity trading services at lower commission rates than we currently offer or may be

Table of Contents

able to offer. As a result of this pricing competition, we could lose both market share and revenues. We believe that any downward pressure on commission rates would likely continue and intensify as we continue to develop our business and gain recognition in our markets. A decline in commission rates could lower our revenues, which would adversely affect our profitability. In addition, our competitors may offer other financial incentives such as rebates or payments in order to induce trading in their markets, rather than ours.

Our business may be harmed by computer and communications systems failures and delays.

We support and maintain many of the systems that comprise our electronic platform. Our failure to monitor or maintain these systems, or to find replacements for defective components within a system in a timely and cost-effective manner when necessary, could have a material adverse effect on our ability to conduct our business. Although we fully replicate our primary data center, our redundant systems or disaster recovery plans may prove to be inadequate. Our systems, or those of our third party providers, may fail or, due to capacity constraints, may operate slowly, causing one or more of the following:

unanticipated disruption in service to our participants;

slower response time and delays in our participants' trade execution and processing;

failed settlement by participants to whom we provide trade confirmation or clearing services;

incomplete or inaccurate accounting, recording or processing of trades;

our distribution of inaccurate or untimely market data to participants who rely on this data in their trading activity; and

financial loss.

We could experience system failures due to power or telecommunications failures, human error on our part or on the part of our vendors or participants, natural disasters, fire, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism or terrorism and similar events. In these instances, our disaster recovery plan may prove ineffective. If any one or more of these situations were to arise, they could result in damage to our business reputation, participant dissatisfaction with our electronic platform, prompting participants to trade elsewhere, or exposure to litigation or regulatory sanctions. As a consequence, our business, financial condition and results of operations could suffer materially.

The surviving corporation's status as a CFTC registrant generally requires that our trade execution and communications systems be able to handle anticipated present and future peak trading volume. Heavy use of computer systems during peak trading times or at times of unusual market volatility could cause those systems to operate slowly or even to fail for periods of time. We will continue to constantly monitor system loads and performance and regularly implement system upgrades to handle estimated increases in trading volume. However, we cannot assure you that our estimates of future trading volume will be accurate or that our systems will always be able to accommodate actual trading volume without failure or degradation of performance.

Our systems and those of our third party service providers may be vulnerable to security risks, which could result in wrongful use of our information, or which could make our participants reluctant to use our electronic platform.

We regard the secure transmission of confidential information on our electronic platform as a critical element of our operations. Our networks and those of our participants and our third party service providers, including LCH.Clearnet, may, however, be vulnerable to unauthorized access, computer viruses, firewall or encryption failures and other security problems. We may be required to expend significant resources to protect our business and our participants against the threat of security breaches or to alleviate problems caused by security breaches. Although we intend to continue to implement industry standard security measures, we cannot assure you that those measures will be sufficient to protect our business against losses or any reduced trading volume incurred in our markets as a result of any significant security breaches on our platform.

Table of Contents

We rely on specialized management and employees.

Our future success depends, in part, upon the continued contributions of our executive officers and key employees whom we rely on for executing our business strategy and identifying new strategic initiatives. Some of these individuals have significant experience in the energy commodities trading industry and financial services markets generally, and possess extensive technology skills. We rely in particular on Jeffrey C. Sprecher, our chief executive officer, Charles A. Vice, our president and chief operating officer, Richard V. Spencer, our chief financial officer, David S. Goone, our chief strategic officer, and Edwin D. Marcial, our chief technology officer, as well as certain other employees responsible for product development and technological development within the company. Although we have entered into employment agreements with each of these executive officers, it is possible that one or more of these persons could voluntarily terminate their employment agreements with us. Furthermore, we have not entered into employment agreements with non-executive personnel, who may terminate their employment at any time. Several of these employees have been with us since ICE's inception and have vested stock options. Any loss or interruption of the services of our executive officers or other key personnel could result in our inability to manage our operations effectively or to execute our business strategy. We cannot assure you that we would be able to find appropriate replacements for these key personnel if the need arose. We may have to incur significant costs to replace key employees who leave, and our ability to execute our business strategy could be impaired if we cannot replace departing employees in a timely manner. Competition in our industry for persons with trading industry and technology expertise is intense.

We rely on third party providers and other suppliers for a number of services that are important to our business. An interruption or cessation of an important service or supply by any third party could have a material adverse effect on our business.

In addition to ICE's dependence on LCH.Clearnet as a clearing service provider, we depend on a number of suppliers, such as online service providers, hosting service and software providers, data processors, software and hardware vendors, banks, and telephone companies, for elements of our trading, clearing and other systems. For example, we rely on Atos Euronext Market Solutions Limited for the provision of a trade registration system that routes trades executed in our markets to LCH.Clearnet for clearing. Atos Euronext Market Solutions Limited and other companies within the Euronext, N.V. group of companies, are potential competitors to both our futures business and OTC business, which may affect the continued provision of these services in the future. Moreover, the proposed merger between NYSE Group, Inc. and Euronext, N.V., as well as the general trend toward industry consolidation, may increase the risk that these services may not be available to us in the future. We also rely on a large international telecommunications company for the provision of hosting services. If this company were to discontinue providing these services to us, we would likely experience significant disruption to our business until we were able to establish connectivity with another provider. We will also rely on SDS Technologies for NYBOTLiveDirect data service and on eTV Media, Inc. for NYBOTV streaming video.

We cannot assure you that any of these providers will be able to continue to provide these services in an efficient, cost-effective manner or that they will be able to adequately expand their services to meet our needs. We also cannot assure you that any of these providers will not terminate our business relationship with us for competitive reasons or otherwise. An interruption in or the cessation of an important service or supply by any third party and our inability to make alternative arrangements in a timely manner, or at all, would result in lost revenues and higher costs.

In addition, participants trading on our electronic platform may access it through 12 independent software vendors, which represent a substantial portion of the independent software vendors that serve the commodities markets. The loss of a significant number of independent software vendors providing access could make ICE's platform less attractive to participants who prefer this form of access.

As an electronic futures and OTC marketplace, we are subject to significant litigation and liability risks.

Many aspects of our business, and the businesses of our participants, involve substantial risks of liability. These risks include, among others, potential liability from disputes over terms of a trade, the claim that a system

Table of Contents

failure or delay caused monetary loss to a participant or that an unauthorized trade occurred. For example, dissatisfied participants that have traded on ICE's electronic platform or on NYBOT's exchange, or those on whose behalf such participants have traded, may make claims regarding the quality of trade execution, or alleged improperly confirmed or settled trades, abusive trading practices, security and confidentiality breaches, mismanagement or even fraud against us or our participants. In addition, because of the ease and speed with which sizable trades can be executed on ICE's electronic platform, participants can lose substantial amounts by inadvertently entering trade orders or by entering them inaccurately. A large number of significant error trades could result in participant dissatisfaction.

As a result, we could incur significant legal expenses defending claims against us, even those without merit. The adverse resolution of any lawsuits or claims against us could result in an obligation to pay substantial damages, and cause us reputational harm. Our participants may face similar legal challenges, and these challenges could affect their ability or willingness to trade on ICE's electronic platform. The initiation of lawsuits or other claims against us, or against our participants with regard to their trading activities, could adversely affect our business, financial condition and results of operations, whether or not these lawsuits or other claims are resolved in our favor. If we violate the terms and provisions of the CEA under which we operate our OTC business, or if the CFTC concludes or believes we have violated CFTC regulations or provisions of the CEA, we could also be exposed to substantial liability. See also We are currently subject to regulation, and we will be subject to further regulation upon the completion of the merger. Failure to comply with existing regulatory requirements, and possible future changes in these requirements or in the current interpretation of these requirements, could adversely affect our business.

If we are compelled to monitor our OTC participants' compliance with applicable standards, our operating expenses and exposure to private litigation could increase.

While each of ICE Futures and NYBOT currently has self-regulatory status in its futures business, ICE currently does not assume responsibility for enforcing compliance with applicable commercial and legal standards by its participants when they trade OTC contracts in its markets. If we determine that it is necessary to undertake such a role in respect of OTC products—for example, to deter unfavorable regulatory actions, to respond to regulatory actions or simply to maintain participants' confidence in the integrity of ICE's OTC markets—we would have to invest heavily in developing new compliance and surveillance systems, and our operating expenses could increase significantly. Our assumption of such a role could also increase our exposure to lawsuits from dissatisfied participants and other parties claiming that we failed to deter inappropriate or illegal conduct.

Our compliance and risk management methods might not be effective and may result in outcomes that could adversely affect our financial condition and operating results.

Our ability to comply with applicable laws and rules is largely dependent on our establishment and maintenance of compliance, audit and reporting systems, as well as our ability to attract and retain qualified compliance and other risk management personnel. Our policies and procedures to identify, monitor and manage risks may not be fully effective. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. We cannot assure you that our policies and procedures will always be effective or that we will always be successful in monitoring or evaluating the risks to which we are or may be exposed.

In addition, the CFTC has broad enforcement powers to censure, fine, issue cease-and-desist orders, prohibit us from engaging in some of our businesses or suspend or revoke our designation as a contract market or the designation of NYCC as a derivatives clearing organization. Our ability to comply with applicable laws and rules is largely dependent on our establishment and maintenance of compliance, audit and reporting systems, as well as our ability to attract and retain qualified compliance and other risk management personnel. We face the risk of significant intervention by regulatory authorities, including extensive examination and surveillance activity. In the case of non-compliance or alleged non-compliance with applicable laws or regulations, we could be subject

Table of Contents

to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits, including by customers, for damages, which can be significant. Any of these outcomes would adversely affect our reputation, financial condition and operating results. In extreme cases, these outcomes could adversely affect our ability to conduct our business.

Risks Relating to an Investment in ICE's Common Stock

The market price of ICE's common stock may fluctuate significantly.

The market price of ICE's common stock has fluctuated, and may continue to fluctuate, significantly from time to time as a result of many factors, including:

investors' perceptions of ICE's prospects;

investors' perceptions of the prospects of ICE's competitors;

investors' perceptions of the prospects of the commodities markets and in particular, the energy markets;

differences between ICE's actual financial and operating results and those expected by investors and analysts;

changes in analysts' recommendations or projections;

fluctuations in quarterly operating results;

announcements by ICE or ICE's competitors of significant business initiatives, acquisitions, strategic partnerships or divestitures;

changes or trends in ICE's industry, including trading volumes, competitive or regulatory changes or changes in the commodities markets;

changes in valuations for exchanges and other trading facilities in general;

adverse resolution of new or pending litigation against ICE;

additions or departures of key personnel;

changes in general economic conditions; and

broad market fluctuations.

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In particular, announcements of potentially adverse developments, such as proposed regulatory changes, new government investigations or the commencement or threat of litigation against ICE or ICE's major participants, as well as announced changes in ICE's business plans or those of ICE's competitors, could adversely affect the trading price of ICE's stock, regardless of the likely outcome of those developments. Broad market and industry factors may adversely affect the market price of ICE's common stock, regardless of ICE's actual operating performance.

ICE may seek to raise additional funds, finance acquisitions or develop strategic relationships by issuing capital stock.

ICE may seek to raise additional funds, finance further acquisitions or develop strategic relationships by issuing equity or convertible debt securities, which would reduce the percentage ownership of current ICE stockholders and former NYBOT members and employees that become ICE stockholders following the completion of the merger. Furthermore, any newly issued securities could have rights, preferences and privileges senior to those of ICE's common stock.

Delaware law and some provisions of ICE's organizational documents and employment agreements make a takeover of ICE more difficult.

Provisions of ICE's charter and bylaws may have the effect of delaying, deferring or preventing a change in control of ICE. A change of control could be proposed in the form of a tender offer or takeover proposal that

Table of Contents

might result in a premium over the market price for ICE's common stock. In addition, these provisions could make it more difficult to bring about a change in the composition of ICE's board of directors, which could result in entrenchment of management. For example, ICE's charter and bylaws:

require that the number of directors be determined, and any vacancy or new board seat be filled, only by the board;

do not permit shareholders to act by written consent;

do not permit shareholders to call a special meeting unless at least a majority of the shareholders join in the request to call such a meeting;

allow a meeting of shareholders to be adjourned or postponed without the vote of shareholders;

permit the bylaws to be amended by a majority of the board without shareholder approval, and require that a bylaw amendment proposed by shareholders be approved by 66 2/3% of all outstanding shares;

require that notice of shareholder proposals be submitted between 90 and 120 days prior to the scheduled meeting; and

authorize the issuance of undesignated preferred stock, or blank check preferred stock, by ICE's board of directors without shareholder approval.

In addition, Section 203 of the Delaware General Corporation Law imposes restrictions on merger and other business combinations between ICE and any holder of 15% or more of ICE's common stock. Delaware law prohibits a publicly held corporation from engaging in a business combination with an interested shareholder for three years after the shareholder becomes an interested shareholder, unless the corporation's board of directors and shareholders approve the business combination in a prescribed manner or the interested shareholder has acquired a designated percentage of ICE's voting stock at the time it becomes an interested shareholder.

ICE's employment agreements with ICE's executive officers also contain change in control provisions. Under the terms of these employment agreements, all of the stock options granted to these officers after entering into the agreement will fully vest and become immediately exercisable if such officer's employment is terminated following, or as a result of, a change in control of ICE. In addition, the executive officer is entitled to receive a significant cash payment.

These and other provisions of ICE's organizational documents, employment agreements and Delaware law may have the effect of delaying, deferring or preventing changes of control or changes in management of ICE, even if such transactions or changes would have significant benefits for ICE's shareholders. As a result, these provisions could limit the price some investors might be willing to pay in the future for shares of ICE's common stock.

ICE does not expect to pay any dividends for the foreseeable future.

ICE has not paid any dividends to its shareholders and does not anticipate paying any dividends to ICE's shareholders for the foreseeable future. Any determination to pay dividends in the future will be made at the discretion of ICE's board of directors and will depend upon ICE's results of operations, financial conditions, contractual restrictions, restrictions imposed by applicable law or the SEC and other factors its board deems relevant.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Forward-looking statements have been made under the captions Summary, Risk Factors, Information About ICE, ICE Management's Discussion and Analysis of Financial Condition and Results of Operations, Information About NYBOT and NYBOT Management's Discussion and Analysis of Financial Condition and Results of Operations, and in other sections of this prospectus/proxy statement. These statements may include statements regarding the period following completion of the merger. In some cases, you can identify these statements by forward-looking words such as may, might, will, should, expect, plan, anticipate, believe, estimate, predict, potential or could, and the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions, may include projections of ICE's and NYBOT's future financial performance based on their growth strategies and anticipated trends in their businesses and industry. These statements are only predictions based on ICE and NYBOT's current expectations and projections about future events. There are important factors that could cause ICE's, NYBOT's and merger sub's actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks and uncertainties described under Risk Factors.

These risks and uncertainties are not exhaustive. Other sections of this prospectus/proxy statement describe additional factors that could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can ICE or NYBOT assess the impact that these factors will have on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although ICE and NYBOT believe the expectations reflected in the forward-looking statements are reasonable, they cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither ICE, NYBOT, merger sub nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Neither ICE, NYBOT nor merger sub has a duty to update any of these forward-looking statements after the date of this prospectus/proxy statement to conform the prior statements to actual results or revised expectations, and neither ICE, NYBOT nor merger sub intends to do so.

Forward-looking statements include, but are not limited to, statements about:

possible or assumed future results of operations and operating cash flows;

strategies and investment policies;

financing plans and the availability of capital;

competitive position;

potential growth opportunities available to ICE or NYBOT;

the risks associated with potential acquisitions or alliances;

the recruitment and retention of officers and employees;

expected levels of compensation;

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potential operating performance, achievements, productivity improvements, efficiency and cost reduction efforts;

the likelihood of success and impact of litigation;

protection or enforcement of intellectual property rights;

Table of Contents

the expectation with respect to securities markets and general economic conditions;

the ability to keep up with rapid technological change;

the effects of competition; and

the impact of future legislation and regulatory changes.

We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this document. We expressly qualify in their entirety all forward-looking statements attributable to ICE, NYBOT or merger sub or any person acting on their behalf by the cautionary statements contained or referred to in this section.

Table of Contents

THE SPECIAL MEETING OF NYBOT MEMBERS

Time, Place and Purpose of the NYBOT Special Meeting

The special meeting of NYBOT members will be held on December 11, 2006, in the Pat O Shea Boardroom located on the 13th floor of NYBOT's offices at World Financial Center, One North End Avenue, New York, New York 10282, at 3:00 p.m., local time, for the following purposes:

to consider and vote on a proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, pursuant to which, among other things, NYBOT has agreed to be merged with and into merger sub, with merger sub surviving the merger as a wholly-owned subsidiary of ICE and a for-profit Delaware corporation;

to consider and vote on any proposal that may be made by NYBOT's President to adjourn or postpone the NYBOT special meeting for the purpose of soliciting proxies with respect to the proposal to approve and adopt the merger agreement; and

to transact any other business as may properly come before the NYBOT special meeting or any adjournment or postponement of the NYBOT special meeting.

NYBOT's board of governors overwhelmingly recommends, by a 22-1 vote, that you vote FOR the proposal to approve and adopt the merger agreement and FOR any proposal that may be made by NYBOT's President to adjourn or postpone the NYBOT special meeting for the purpose of soliciting proxies. For the reasons for this recommendation, see The Merger NYBOT's Reasons for the Merger; Recommendation of the Merger by NYBOT's Board of Governors.

Who Can Vote at the NYBOT Special Meeting

Only NYBOT's equity members of record on November 15, 2006 will be entitled to vote on the proposal to approve and adopt the merger agreement. Each NYBOT member of record on November 15, 2006 is entitled to one vote on each proposal set forth at the NYBOT special meeting (irrespective of the number of membership interests held by such member). As of the record date, there were 749 NYBOT members entitled to vote at the special meeting.

Vote Required

Approval and adoption of the merger agreement by NYBOT members requires the affirmative vote of two-thirds of the votes cast by NYBOT members at the NYBOT special meeting where a quorum is present. A quorum is present if at least ten percent (10%) of NYBOT members entitled to vote at the meeting are present, whether present in person or by proxy. As a result, any failure to vote will have the same effect as a vote against the approval and adoption of the merger agreement, until the affirmative vote for the approval and adoption of the merger agreement equals or exceeds ten percent (10%) of NYBOT members entitled to vote at the meeting and an abstention will have no effect on this vote.

The approval of any other proposal presented at the NYBOT special meeting only requires the affirmative vote of a majority of the votes cast by NYBOT members at the NYBOT special meeting at which a quorum is present. A quorum is present if at least ten percent (10%) of NYBOT members entitled to vote at the meeting are present, whether present in person or by proxy. As a result, any failure to vote will have the same effect as a vote against such proposal, until the affirmative vote for the approval of such proposal equals or exceeds ten percent (10%) of NYBOT members entitled to vote at the meeting and an abstention will have no effect on this vote.

If a NYBOT member completes a proxy and abstains from voting on a proposal, the abstention will count for purposes of determining whether a quorum is present but will have no effect on the vote for the proposal.

Adjournments

If no quorum of NYBOT members is present in person or by proxy at the NYBOT special meeting, the NYBOT special meeting may be adjourned by the members present and entitled to vote at that meeting regardless of whether a quorum is present at that meeting. If NYBOT's

President proposes to adjourn the NYBOT special

Table of Contents

meeting, and this proposal is approved by NYBOT members, the NYBOT special meeting will be adjourned for this purpose. However, no proxy that is voted against a proposal described in this document will be voted in favor of an adjournment or postponement.

Manner of Voting

You may submit your vote for or against the proposal submitted at the NYBOT special meeting in person or by proxy. You may vote by proxy in any of the following ways:

by using the enclosed proxy card and mailing a completed and signed proxy card to Corporate Election Services, P.O. Box 1150, Pittsburgh, PA 15230;

by faxing the enclosed proxy card to the attention of Corporate Election Services, at (412) 299-9191;

by visiting the website noted on the enclosed proxy card and voting through the Internet; or

by calling the number noted on the enclosed proxy card and voting telephonically.

Information and applicable deadlines for using the proxy card, or voting through the Internet or telephonically are set forth in the enclosed proxy card instructions.

All NYBOT membership interests represented by proxy (including those given through the Internet or telephonically) received before the NYBOT special meeting or adjourned NYBOT special meeting, as the case may be, will, unless revoked, be voted in accordance with the instructions indicated in those proxies. If no instructions are indicated on a properly executed proxy card, the shares will be voted in accordance with the recommendation of NYBOT's board of governors and, therefore, FOR the approval and adoption of the merger agreement.

If your proxy indicates instructions for some, but not all, of the proposals, your votes will be cast as indicated on the specified proposals and as described in the preceding sentence for any proposal for which no instructions are indicated. We urge you to mark each applicable box on the proxy card or voting instruction card to indicate how to vote your NYBOT membership interest.

You may revoke your proxy at any time before it is voted by:

submitting a written revocation dated after the date of the proxy that is being revoked to Corporate Election Services, P.O. Box 1150, Pittsburgh, PA 15230; or

submitting a later-dated proxy by mail, fax or through the Internet or telephonically, as provided above; or

attending the NYBOT special meeting and voting by paper ballot in person.

Attendance at the NYBOT special meeting will not, in and of itself, constitute revocation of a previously granted proxy. If the NYBOT special meeting is adjourned or postponed, it will not affect the ability of NYBOT members to exercise their voting rights or to revoke any previously granted proxy using the methods described above.

Inspection of Election

NYBOT has engaged Corporate Election Services to count the votes represented by proxies and ballots. An employee of Corporate Election Services will serve as Inspector of Election. NYBOT will pay Corporate Election Services a fee of approximately \$7,000, plus reimbursement of

reasonable out-of-pocket expenses.

Solicitation of Proxies

NYBOT and ICE will share equally the expenses incurred in connection with the printing and mailing of this document. Solicitation of proxies by mail may be supplemented by telephone and other electronic means, advertisements and personal solicitation by the governors, officers or employees of NYBOT and ICE. No additional compensation will be paid to our governors, officers or employees for solicitation.

Table of Contents

THE MERGER

This section of the document describes material aspects of the proposed merger. This summary may not contain all of the information that is important to you. You should carefully read this entire document, including the full text of the merger agreement, which is attached as Annex A, and the other documents we refer you to for a more complete understanding of the merger.

General

NYBOT and ICE have entered into a merger agreement that provides that NYBOT will be merged with and into merger sub, with merger sub surviving the merger as a wholly-owned subsidiary of ICE.

In the merger, each outstanding NYBOT membership interest (or portion thereof) will be converted into either (1) 17,025 shares of ICE common stock, (2) cash equal to \$1,074,719 or (3) a pro rata share thereof if an election is made with respect to a portion of a membership interest (which must represent a percentage of a membership interest equal to 10% or any whole multiple thereof), subject in each case to proration as described below under The Merger Agreement Merger Consideration To Be Received by NYBOT Members Proration and Allocation Procedure. Based upon ICE's capitalization, as of the date of this prospectus/proxy statement, the aggregate number of shares of ICE common stock issued to NYBOT members in the merger will represent approximately 15% of ICE's common stock outstanding immediately after the merger calculated on a fully-diluted basis as described below.

Background of the Merger

The exchange industry in which ICE and NYBOT operate has been experiencing a period of consolidation and strategic alliances between exchanges. The board of directors of ICE and the board of governors of NYBOT continually review their respective results of operations and competitive positions in their industry, as well as their strategic plans and alternatives. In connection with these reviews, each of ICE and NYBOT from time to time has evaluated potential joint ventures and transactions that would further their respective strategic objectives.

In particular, NYBOT's board of governors has considered a variety of strategic alternatives, including evaluating and investing in its current business, acquiring other businesses, partnering with another business, demutualizing and becoming a for-profit company, and conducting an initial public offering. On February 12, 2004, at a meeting of NYBOT's board of governors, senior management of NYBOT presented an overview of the benefits and detriments associated with various alternative forms of corporate structure, including demutualizing and becoming a public company.

During the spring and summer of 2004, NYBOT held preliminary discussions regarding possible strategic alternatives with a number of exchanges and entered into numerous confidentiality agreements. In particular, NYBOT held preliminary discussions regarding the possibility of a strategic joint venture with a non-U.S. exchange, referred to as exchange A. NYBOT also began exchanging due diligence information with a U.S.-based exchange, referred to as exchange B.

In October 2004, NYBOT engaged Brown Brothers Harriman (BBH) as its financial advisor to advise its board of governors with respect to valuation of NYBOT and potential strategic alternatives.

On November 10, 2004, at a meeting of NYBOT's board of governors, BBH gave an overview presentation on demutualization and the effects of demutualization. During the next several months, NYBOT senior management supplemented the information presented by BBH with more detailed information relating to the potential benefits and risks of demutualization, possible effects of demutualization on members, cost estimates and other related issues, as well as outlining the steps for demutualization.

Table of Contents

On December 8, 2004, at a meeting of NYBOT's board of governors, a committee consisting of Mr. C. Harry Falk, President and Chief Executive Officer of NYBOT, Mr. Fred W. Schoenhut, Chairman of the Board of NYBOT, Mr. Roger Corrado, Vice Chairman of the Board of NYBOT, Mr. Joe Nicosia, a governor of NYBOT, Terrence F. Martell, Ph.D., a public governor of NYBOT, and Mr. Bill Shaughnessy, a governor of NYBOT (collectively, the Negotiating Committee) was formed for the purpose of exploring potential transactions with exchange A and exchange B, which had previously approached NYBOT regarding strategic transactions.

On December 22, 2004, Mr. Falk received a letter from a second US-based exchange, referred to as exchange C, which outlined potential corporate synergies, areas of common use and operating efficiencies (technology) and shared strategic vision between NYBOT and exchange C.

Over the next several months, senior management of NYBOT, members of the Negotiating Committee and representatives of BBH held numerous meetings and discussions with the parties that had previously indicated an interest in pursuing a strategic transaction with NYBOT. In particular, senior management of NYBOT and representatives of BBH met with senior management of exchange B and its investment bankers to discuss possible areas of consolidation. They also held in person and telephonic meetings with exchange C to explore a strategic transaction and additional meetings with exchange A regarding a joint venture. In addition, senior management of NYBOT, members of the Negotiating Committee and representatives of BBH commenced preliminary discussions with a third US-based exchange, referred to as exchange D, and a second non-US exchange, referred to as exchange E, regarding strategic alternatives.

During this period, representatives of NYBOT and BBH also held numerous meetings with various private equity firms to explore the possibility of a minority investment in NYBOT.

On March 8, 2005, exchange B's investment bankers presented BBH with an oral expression of interest that proposed a transaction to acquire NYBOT at a valuation of between \$100 million and \$125 million for the equity of NYBOT. NYBOT senior management, together with its advisors from BBH, noted that this proposal valued NYBOT at less than the then-current price per membership and determined that a transaction at this value range did not merit serious discussions. However, senior management of NYBOT, members of the Negotiating Committee and representatives of BBH continued to remain open to exploring a potential transaction with exchange B.

In April 2005, senior management of NYBOT, members of the Negotiating Committee and representatives of BBH again had several separate meetings with exchange C and exchange D to explore mutual business interests and initiatives, as well as various strategic alternatives.

On April 13, 2005, NYBOT's board of governors discussed and developed the concept of core principles, which they believed should be part of any strategic alternatives that NYBOT might pursue. The core principles would include continued open-outcry and trading privileges for core products for so long as NYBOT's markets were efficient and continued relevance of trade committees and the exchange board of directors. The board also ratified the appointment of a working group of individuals from the current Negotiating Committee and senior management of NYBOT to continue to explore the possible transaction between NYBOT and exchange B and other strategic partners. This working group consisted of Mr. Falk, Mr. Schoenhut, Mr. Walter J. Hines, Chief Financial Officer of NYBOT, Ms. Audrey R. Hirschfeld, Senior Vice President and General Counsel of NYBOT, and Mr. Martell (collectively, the Working Group).

As part of ICE's ongoing review of its strategic alternatives, ICE held preliminary discussions regarding possible strategic alternatives with NYBOT during 2005. The initial meeting between ICE and NYBOT was held on February 10, 2005 and was attended by Mr. Jeffrey Sprecher, Chief Executive Officer and Chairman of the Board of ICE, a representative of ICE's outside legal counsel, Sullivan & Cromwell LLP, and Messrs. Falk and Schoenhut and Ms. Hirschfeld, on behalf of NYBOT. The initial meeting involved discussions regarding clearing services. These same persons had a second meeting on April 12, 2005. This second meeting focused on

Table of Contents

discussing strategic alternatives regarding clearing services and technology outsourcing. No definitive licensing, joint venture or other strategic arrangement resulted from these discussions. After these initial meetings, Mr. Sprecher and Mr. Schoenhut spoke to each other periodically at various industry trade shows, conferences and events.

On May 16, 2005, NYBOT sent a letter to exchange A outlining the combined synergies and interests the two companies could share by combining their businesses. The letter did not indicate financial terms, but served as the basis for continued discussions. In June and July 2005, senior management of NYBOT, members of the Working Group and representatives of BBH continued discussions with exchange A pertaining to a strategic joint venture and explored strategic alternatives relating to electronic trading.

In November 2005, senior management of NYBOT, members of the Working Group and representatives of BBH continued to have various telephone conferences and meetings with exchange B regarding a strategic transaction.

On November 22, 2005, BBH and NYBOT sent a letter to exchange C explaining their views on the investment merits and rationale for a transaction involving the two exchanges. The letter did not propose financial terms of a potential transaction.

On December 13, 2005, at a meeting of NYBOT members, senior management of NYBOT discussed the various strategic alternatives it had been exploring, including the possible demutualization, and the numerous exchanges with which NYBOT had been discussing strategic alternatives.

During late 2005 and early 2006, Mr. Falk, Mr. Hines and Mr. Schoenhut continued to have discussions with private equity firms that had approached NYBOT previously, and began preliminary discussions with various other private equity firms regarding a partnership with NYBOT or a minority investment in NYBOT.

On January 9, 2006, BBH received an indicative draft term sheet from a private equity firm. The term sheet from the private equity firm expressed an interest to acquire a 30% equity stake in NYBOT for between \$108 million and \$130 million. This proposal equated to an approximate pro forma total equity valuation of NYBOT of between \$360 million and \$430 million. On January 25, 2006, at a joint meeting of NYBOT's Negotiating Committee and executive committee, BBH presented a term sheet from the private equity firm detailing its proposal. However, the term sheet did not include provisions pertaining to core principles for the members with respect to electronic trading rights. The term sheet also included a provision that allowed the private equity firm to cause NYBOT to implement electronic trading if failure to do so could reasonably be expected to materially adversely affect the financial performance of NYBOT. Based on the proposal from the private equity firm and preliminary discussions with other private equity firms, the Negotiating Committee and the executive committee determined that private equity firms would not meet NYBOT's requirements for a strategic transaction. In particular, a transaction with a private equity firm would not provide liquidity to members, while at the same time would grant extensive negative controls to the private equity firm.

During the next several months, the Working Group continued to analyze strategic alternatives and update the board of governors, executive committee and Negotiating Committee as to the status of negotiations with various parties and the exploration of various strategic alternatives.

Beginning in February 2006, discussions resumed between ICE and NYBOT. On February 2, 2006 and February 3, 2006, at a regularly scheduled meeting of the ICE board of directors, ICE management continued its earlier discussions with the ICE board regarding a variety of strategic alternatives for ICE, including a review of clearing models and relationships in the exchange industry. The ICE board discussed an array of strategic alternatives and clearing options, including the likelihood of success of ICE starting its own clearing house. The ICE board also discussed how each strategic alternative would impact the competitive landscape in the exchange industry. One of the possible strategic alternatives that was discussed involved a transaction with NYBOT.

Table of Contents

Mr. Sprecher provided an update to the ICE board on various strategic alternatives at special meetings called on February 21, 2006 and February 26, 2006. In addition, on March 8, 2006, at a regularly scheduled meeting of the ICE board held in London, England, Mr. Sprecher provided the ICE board with a detailed review of strategic alternatives and discussions that had occurred since the last ICE board meeting. At this meeting, Mr. Sprecher provided an update of the discussions between ICE management and representatives of NYBOT. Mr. Sprecher provided a summary to the ICE board regarding NYBOT's products and operations.

During the week of March 13, 2006, at an industry conference in Boca Raton, Florida, Mr. Sprecher and Mr. Charles Vice, President and Chief Operating Officer of ICE, on behalf of ICE, and Messrs. Falk and Schoenhut, on behalf of NYBOT, met to discuss business strategies and their vision for their respective businesses. Certain officers of each of ICE and NYBOT also met with management representatives of other exchanges to discuss strategic alternatives. The representatives of ICE and NYBOT agreed that a possible transaction between the companies should be explored further and agreed to review various strategic alternatives with their respective management and boards and to continue the conversations if their respective boards were supportive of further discussions.

In mid-March 2006, ICE engaged Evercore Partners (Evercore) to act as its financial advisor to assist ICE in evaluating a potential transaction with NYBOT.

On March 31, 2006, ICE and NYBOT entered into a mutual confidentiality agreement to facilitate further discussions regarding a strategic relationship and to allow the sharing of confidential information necessary to analyze the potential synergies that could be realized through a strategic relationship.

As described in more detail below, at various times beginning mid-March 2006 through May 2006, representatives of ICE, including Evercore, Ernst & Young and Sullivan & Cromwell LLP, and representatives of NYBOT, including BBH, Deloitte & Touche LLP and Milbank, Tweed, Hadley & McCloy LLP (Milbank), outside counsel to NYBOT, met in person and held telephone conferences to continue to analyze the pro forma financial impact of a potential combination between ICE and NYBOT and to attempt to agree upon a proposed legal structure for the combination. These same parties held multiple due diligence meetings and telephone conferences during this period to assess each other's business, legal and regulatory issues, technology, accounting and other matters.

On April 2, 2006, representatives from ICE and NYBOT met and discussed high-level points of interests for each entity in connection with a possible strategic relationship or transaction. On April 3, 2006, Mr. Schoenhut and Mr. Martell, on behalf of NYBOT, and Messrs. Sprecher and Vice, on behalf of ICE, held a full day meeting in Atlanta, Georgia to discuss the potential for ICE and NYBOT to engage in a strategic transaction. At the meeting, the parties discussed the concept of a merger between the entities and reviewed the details regarding each company's respective businesses and products.

On April 11, 2006, Mr. Richard Spencer, Senior Vice President and Chief Financial Officer of ICE, and Mr. Sprecher met with Mr. Schoenhut, Mr. George Haase, President of NYCC, and Mr. Martell, as well as representatives of Evercore and BBH, in New York to review various strategic alternatives available to the companies and to discuss the potential synergies that might be achievable in connection with a transaction. The parties reviewed an outline of the potential form of consideration for a merger and NYBOT shared additional information regarding its financial condition, trading volumes and products.

On April 19, 2006, the parties circulated a draft term sheet. Over the ensuing six weeks, the parties continued to discuss and revise the term sheet.

On April 28, 2006, at meeting of NYBOT's board of governors, BBH made another presentation on demutualization, including various benefits and disadvantages. A discussion ensued and the board recommended approving that NYBOT take the legal steps necessary to demutualize.

Table of Contents

On May 4, 2006, at two separate NYBOT member meetings, Mr. Schoenhut presented an analysis of demutualization to the members, including the process for demutualization, and the potential benefits and disadvantages of demutualization.

On May 9, 2006, at a meeting of the executive committee, the Negotiating Committee and representatives of BBH provided an update on the various proposals received by NYBOT and the status of the negotiation process with ICE. In addition, the executive committee discussed the importance of core principles, including with respect to open-outcry trading and trade committees, to the members.

On May 11, 2006, at a regularly scheduled meeting of the ICE board held in Atlanta, Georgia with representatives of Evercore present, ICE management updated the ICE board regarding strategic alternatives. Mr. Sprecher reported to the board that ICE was still engaged in discussions with NYBOT regarding a possible strategic combination and informed the board that NYBOT met many of ICE's strategic objectives, including:

NYBOT operating as a U.S. designated contract market under the Commodities Exchange Act;

NYBOT's trading of products that ICE did not list for trading; and

NYBOT's ownership of a clearing house, The New York Clearing Corporation.

The ICE board instructed ICE management to continue discussions with NYBOT but requested that ICE management conduct further analysis of potential synergies and risks associated with a NYBOT transaction and to review other strategic alternatives available to ICE.

On June 1, 2006, a special meeting of the ICE board was held in New York, New York to discuss a potential secondary offering of ICE common stock and whether to move forward with various strategic alternatives, including a strategic transaction with NYBOT. Mr. Sprecher discussed the opportunities, potential synergies and risks of a NYBOT transaction with the board. Mr. Sprecher updated the ICE board regarding strategic discussions with other exchanges and the ICE board discussed the likelihood of forming a successful strategic relationship with various exchanges. Sullivan & Cromwell LLP also provided the ICE board with an overview of the regulatory benefits, burdens and risks associated with various strategic alternatives, including a NYBOT transaction. Also, ICE's clearing consultant updated the ICE board regarding various alternatives relating to clearing. The clearing consultant reviewed NYBOT's clearing operations, which are conducted through The New York Clearing Corporation, and provided operational, regulatory and background information regarding The New York Clearing Corporation. The clearing consultant also provided information regarding the operations of other exchanges' clearing houses for purposes of comparison.

On June 1, 2006, Messrs. Sprecher, Spencer and Mr. Johnathan Short, Senior Vice President and General Counsel of ICE, met with Ms. Hirschfeld, Mr. Martell and Mr. Schoenhut in New York, New York to further negotiate the terms of a proposed transaction. This meeting in New York was followed by a meeting on June 5, 2006 in Atlanta, Georgia among Messrs. Sprecher and Spencer, on behalf of ICE, and Messrs. Schoenhut and Martell, on behalf of NYBOT, to continue to negotiate the terms of the transaction. Specific terms of the transaction were discussed at both of these meetings, including the rights and duties of trade committees, the role of electronic trading and the appropriate governance provisions for the surviving entity.

In mid-June, 2006, the parties terminated their discussions due to equity market conditions, including the drop in ICE's share price, and the parties' inability to reach agreement on certain material terms of the proposed transaction. At this point in time, NYBOT asked ICE to submit a proposal to provide technology to NYBOT whereby NYBOT would license the ICE electronic trading platform for electronic trading of NYBOT's products. Although initial meetings regarding the potential licensing arrangement were conducted, no formal agreement was reached.

In June 2006, NYBOT engaged the Parthenon Group (Parthenon) as its strategic advisor to evaluate risks with respect to energy trading and ICE's competitive position in that industry.

Table of Contents

During June and July, senior management of NYBOT, members of the Negotiating Committee and representatives of BBH continued to exchange financial information with exchange C for the purpose of exploring a potential transaction. As part of these discussions, representatives of BBH requested that exchange C provide an indication of value for NYBOT. Despite assurances from exchange C that a financial proposal would be forthcoming, NYBOT never received any indication of value from exchange C. In addition, on June 25, 2006, Mr. Schoenhut received a letter from a third non-US exchange, referred to as exchange F, that outlined a process by which NYBOT could utilize exchange F's electronic trading system and, in return, exchange F would be given the right of first refusal to purchase any equity in NYBOT. NYBOT determined that additional discussions with exchange F based on this proposal would not be beneficial for NYBOT and its members.

In early August 2006, discussions between ICE and NYBOT resumed and a revised term sheet was circulated between the parties. These discussions resulted in significant headway in resolving open issues between the parties. At this point, ICE requested that NYBOT agree to negotiate exclusively with ICE for approximately 30 days, but no agreement for exclusive negotiations was reached. Messrs. Sprecher, Short and Mr. David Goone, Senior Vice President and Chief Strategic Officer of ICE, met with Ms. Hirschfeld, Messrs. Martell, Hines, Schoenhut and Falk of NYBOT in New York, New York on August 8-10, 2006 to discuss the terms of the potential transaction. At these series of meetings, the parties negotiated additional terms of the transaction and provided additional information regarding their respective business operations to the other party.

In August 2006 and September 2006, representatives of ICE, Evercore, Ernst & Young, Sullivan & Cromwell LLP, and representatives of NYBOT, including BBH, Deloitte & Touche LLP and Milbank met in person and held telephone conferences to continue to analyze the pro forma financial impact of a potential combination between ICE and NYBOT and to attempt to agree upon a proposed legal structure for the combination. These same parties held multiple due diligence meetings and telephone conferences during this period to assess each other's business, legal and regulatory issues, technology, accounting and other matters.

On August 11, 2006, at a regularly scheduled meeting of the ICE board held in New York, New York, ICE management updated the ICE board regarding the NYBOT transaction. Mr. Sprecher briefed the ICE board regarding strategic changes in the exchange industry and reviewed ICE's strategic alternatives. Evercore discussed with the board recent developments in the exchange industry and reviewed the proposed terms of a transaction with NYBOT. Evercore reviewed the potential synergies and pricing terms for a transaction with NYBOT and discussed NYBOT's business operations. Sullivan & Cromwell LLP reviewed the proposed terms of the transaction and the ICE board asked ICE management to continue the negotiations and report back with specific information regarding the governance provisions involved in the proposed transaction.

On August 17, 2006, Sullivan & Cromwell LLP sent an initial draft merger agreement to NYBOT and Milbank. On August 17 and 18, 2006, representatives from both entities met in New York, New York to review open issues relating to the structure of the transaction and the draft merger agreement. Additional meetings were held between the parties and their advisors over the next two weeks to negotiate and revise the merger agreement, as well as to perform additional due diligence and to negotiate the bylaws for the surviving corporation.

As described in more detail below, during August and September, 2006 NYBOT continued to explore strategic alternatives with numerous parties other than ICE.

On August 4, 2006, exchange B sent NYBOT a non-binding indication of interest to acquire NYBOT for a purchase price in the range of \$900 million to \$1.0 billion. In response, NYBOT requested that exchange B prepare a more definitive financial proposal and a meeting between the two companies was scheduled. Over the next several weeks, NYBOT and exchange B exchanged updated due diligence information. The parties held a meeting on August 15, 2006, but exchange B never delivered a definitive financial proposal for a transaction between the two companies. At this meeting, representatives of exchange B stated that there was a bona fide interest in a transaction with NYBOT but that, due to the timing of exchange B's own strategic initiatives, exchange B could not enter into a transaction with NYBOT for many months.

Table of Contents

On August 17, 2006, exchange C contacted Mr. Falk and Mr. Schoenhut to discuss the potential combination of the two companies and certain aspects of its proposal. During the next few weeks, NYBOT and exchange C exchanged due diligence material and participated in numerous telephone conferences. However, NYBOT did not receive any financial proposal from this exchange.

On August 26, 2006, exchange F again contacted NYBOT to discuss a possible joint venture, as well as the purchase of an equity stake in NYBOT. However, NYBOT did not receive any financial proposal from this exchange and there were no further discussions between NYBOT and exchange F.

On September 7, 2006, an investment bank that represented exchange D contacted NYBOT to schedule a meeting on September 11, 2006 to explore a possible strategic partnership. Representatives of NYBOT and exchange D met on September 11, 2006, but exchange D was not prepared to engage in substantive discussions. NYBOT did not receive any definitive financial proposal from exchange D.

From September 1, 2006 through September 14, 2006, representatives of ICE, Sullivan & Cromwell LLP and Evercore reviewed and revised the draft merger agreement. At the same time, representatives of NYBOT, Milbank and BBH reviewed and provided comments to drafts of the merger agreement and the bylaws. In particular, on September 5, 2006, representatives of NYBOT met with representatives of ICE at ICE's offices in Atlanta, Georgia to offer a counterproposal to certain of the terms of the merger agreement and the bylaws. Representatives of BBH, on behalf of NYBOT, and of Evercore, on behalf of ICE, also participated in this meeting. These meetings continued, both telephonically and in person, over the next several days. During the week of September 11, 2006, Messrs. Sprecher and Short and representatives from Evercore and Sullivan & Cromwell LLP, on behalf of ICE, worked with Ms. Hirschfeld, Messrs. Schoenhut and Hines and representatives of BBH and Milbank, on behalf of NYBOT, to finalize the terms of the merger agreement in New York, New York. Also during this time, the parties engaged in extensive discussions regarding the governance structure of ICE and NYBOT after the completion of the merger, including the composition of the ICE board of directors and the surviving corporation's board of directors and the authority the surviving corporation's board would have over electronic trading and certain core products. Each party conducted additional due diligence investigations with respect to each other's business, legal and regulatory issues, technology and other matters during this time.

On September 8, 2006 and September 13, 2006, telephonic special meetings of the ICE board were called to discuss the NYBOT transaction. Mr. Sprecher explained that each party had made concessions to move the transaction forward and that the parties were working together to reach a mutually beneficial agreement.

On September 14, 2006, a telephonic special meeting of the ICE board was called to review and approve the merger agreement. Prior to the vote and unanimous approval of the merger agreement by the ICE board, the ICE board discussed the last stages of negotiations with NYBOT and reviewed the merger in light of ICE's strategic objectives.

At the September 8, 2006, September 13, 2006 and September 14, 2006 board meetings, the ICE board received multiple updates from ICE management that covered legal, financial and operational matters, including information in response to the requests made by several directors in earlier meetings. At the meetings, Messrs. Short and Sprecher, representatives of Sullivan & Cromwell LLP and representatives of Evercore updated the ICE board on the key provisions of the draft merger agreement.

The ICE board was also informed that the proposed merger agreement contained a termination fee of approximately \$39 million and expense reimbursement of up to \$5 million, payable by NYBOT to ICE in the event that NYBOT terminated the merger agreement to accept an alternative proposal that its board deemed superior. The ICE board also reviewed the strategic advantages and risks of the proposed transaction.

The ICE board was also updated on regulatory issues and the timing of a potential closing.

Table of Contents

On September 8, 2006 and September 12, 2006, there were joint meetings of NYBOT's executive committee and Negotiating Committee to discuss the progress of negotiations with ICE. Representatives of BBH gave an overview of the progress of discussions with ICE and made a presentation regarding the terms of the transaction with ICE, including aspects of the merger agreement and bylaws as they related to the core rights. At the September 12, 2006 meeting, Parthenon provided its analysis of ICE's business and its competitive position in the market place. A question and answer session followed during which various aspects of the transaction were discussed, including the impact of closing NYBOT's membership seat market and the integration of an electronic platform and open-outcry trading. At the September 12, 2006 meeting, the executive committee decided to recommend the merger proposal to the board of governors for approval.

Following the September 12, 2006 meeting of the executive committee, a special meeting of NYBOT's board of governors was held. The executive committee discussed its recommendation that the board of governors approve the merger. In addition, NYBOT's management and representatives of BBH presented an overview of the proposed merger transaction to the board. Among other things, NYBOT's board was informed that the board of the surviving corporation will be composed of nine directors, including two members of the current NYBOT board of governors who are designated by ICE (who will also serve on the ICE board of directors) and four directors who qualify as public directors and who, to the extent possible, will be selected from the public directors currently serving on NYBOT's board of governors. There was also a discussion pertaining to how the transaction would preserve certain core rights of members relating to open-outcry trading of NYBOT's agricultural products. The board also received a report from representatives of Milbank on the negotiations of the draft merger agreement and related documentation, including with respect to the circumstances in which NYBOT's board could consider alternative transactions that it may regard as superior to the ICE transaction. This was followed by a presentation by Parthenon concerning ICE and its competitive positioning in the marketplace.

On September 13, 2006, NYBOT's board of governors held a special meeting to deliberate further on the proposed transaction, with representatives of senior management, BBH, Milbank and Houlihan Lokey in attendance. The board of governors received responses from management of NYBOT related to legal, financial and operational matters in response to questions previously raised by NYBOT governors at the September 12, 2006 board meeting. A representative from Milbank also discussed in detail the board's fiduciary duties and responsibilities and the standards that the board should consider in evaluating the proposed transaction. Representatives from Houlihan Lokey then explained the details of its opinion that, as of that date, the consideration to be received by NYBOT members in the transaction was fair from a financial point of view. See *The Merger Opinion of NYBOT's Financial Advisor*. The board of governors discussed various significant terms of the proposed transaction, including the conditions that must be fulfilled for the transaction to be consummated, and the circumstances in which NYBOT's board of governors could consider alternative transactions that it may regard as superior to the proposed transaction. NYBOT's board considered that the proposed merger agreement contained a termination fee of \$39 million and expense reimbursement of up to \$5 million for out-of-pocket expenses, payable by NYBOT to ICE in the event that NYBOT terminates the merger agreement to accept an alternative proposal that NYBOT's board deemed superior for NYBOT members. NYBOT's board then discussed at length the advantages and the risks of the proposed transaction as described under *The Merger NYBOT's Reasons for the Merger; Recommendation of the Merger by NYBOT's Board of Governors*. Following all discussion, the board, upon motion duly made and seconded, by a vote of 22-1, resolved to recommend the proposed transaction to the members of NYBOT.

On September 14, 2006, each of ICE, NYBOT and merger sub executed the merger agreement. On the evening of September 14, 2006, ICE and NYBOT issued a joint press release announcing the transaction. On October 30, 2006, ICE, NYBOT and merger sub entered into the First Amendment to the merger agreement. For a description of the merger agreement, see *The Merger Agreement*.

ICE's Reasons for the Merger

The ICE board of directors believes that the merger represents one of the most attractive strategic opportunities to combine two companies with complementary businesses and strengths, and to expand the

Table of Contents

competitiveness of the respective businesses. The ICE board determined that the merger was consistent with the strategic plans of ICE to expand its product offerings, diversify its class of commodities and establish clearing alternatives.

The ICE board identified a number of factors that it believed would contribute to the success of the merger and the future performance of the combined companies, including:

the combination of NYBOT and ICE would create an industry leading international energy and commodities exchange with a diversified product offering;

the combination of two global and rapidly growing commodity marketplaces, together with a highly respected clearing house, would allow ICE to expand its offerings for market participants, as well as create long-term shareholder value;

the merger will strengthen ICE's domestic futures position and provide NYBOT with a platform for international expansion;

ICE's electronic platform can bring increased access, volume and liquidity to NYBOT's strong and growing suite of products;

the merger would combine NYBOT's strong heritage, diverse range of products and rapidly growing markets with ICE's culture of innovation, customer and stockholder focus and growth;

the merger provides significant opportunities for cost savings by eliminating duplicate activities, including technology, professional services, and general and administrative expenses;

the merger would benefit ICE's customers by producing clearing benefits, and will support and drive growth in trading of ICE's cleared products, including the development of new futures and OTC contracts;

the transaction is structured to encourage current NYBOT members and permit holders to continue to trade on the surviving corporation exchange after the completion of the merger;

the terms and conditions of the merger agreement and the transactions contemplated therein, including the nature and scope of the closing conditions, are comprehensive and favorable to ICE's stockholders; and

the view of the ICE board of directors that the satisfaction of the conditions to completion of the merger is probable within a reasonable time frame.

The ICE board of directors also identified and considered a number of uncertainties and risks, which included:

the risk that the merger with NYBOT might not be completed in a timely manner or at all and the attendant adverse consequences for ICE's and NYBOT's businesses as a result of the pendency of the merger and operational disruption;

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the risk that the potential benefits, savings and synergies of the merger may not be fully or partially realized;

the challenges and difficulties, foreseen and unforeseen, relating to integrating the operations of ICE and NYBOT;

the risks associated with the occurrence of events which may materially and adversely affect the operations or financial condition of NYBOT and its subsidiaries, which may not entitle ICE to terminate the merger agreement;

the risk that the members of NYBOT fail to approve the transaction;

the risk of diverting ICE management focus and resources from other strategic opportunities and from operational matters while working to implement the transaction with NYBOT;

the risk associated with integrating ICE's electronic trading platform with NYBOT's open-outcry market and implementing electronic trading for NYBOT products;

Table of Contents

the risk that certain key members of NYBOT senior management who ICE would expect to hold senior management positions in the surviving corporation might not choose to remain with the surviving corporation;

the risks relating to NYBOT's business and how they would affect the results of operations of ICE after the completion of the merger;

the potential expenses associated with the transaction; and

various other risks associated with the merger and the businesses of ICE and NYBOT set forth under the heading Risk Factors. The ICE board of directors weighed the benefits, advantages and opportunities of pursuing a transaction with NYBOT against the risks and challenges inherent in the proposed merger and concluded that the potential benefits of consummating the merger outweighed the potential risks. The ICE board of directors unanimously approved the merger agreement and the transactions contemplated by it.

NYBOT's Reasons for the Merger; Recommendation of the Merger by NYBOT's Board of Governors

On September 13, 2006, NYBOT's board of governors determined, by a 22-1 vote, that the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of NYBOT and its members and approved and adopted the merger agreement. **NYBOT's board of governors overwhelmingly recommends, by a vote of 22-1, that NYBOT members vote FOR the approval and adoption of the merger agreement at the NYBOT special meeting of members.**

In approving the merger agreement, NYBOT's board of governors considered a number of factors, including the factors discussed in the following paragraphs, and discussed these factors with NYBOT's senior management and NYBOT's financial, business and legal advisors. In light of the number and wide variety of factors considered in connection with its evaluation of the transaction, NYBOT's board of governors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its determination. NYBOT's board viewed its position as being based on all of the information available and the factors presented to and considered by it. In addition, individual members of the board may have given different weight to different factors. This explanation of NYBOT's reasons for the proposed merger with ICE and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under Cautionary Statement Regarding Forward-Looking Statements.

In reaching its decision, NYBOT's board of governors consulted with NYBOT management with respect to strategic, operational, financial, legal and regulatory matters, as well as with its outside legal counsel, financial advisors and business consultants. Among the positive factors that the board of governors considered in approving the merger were the following:

Financial Terms. NYBOT's board of governors determined that the financial terms of the merger were favorable to NYBOT members. In particular, they noted that:

The consideration to be paid by ICE for each NYBOT membership interest represented a premium of 24% over the last sale price of a membership interest immediately prior to the public announcement of the transaction on September 14, 2006 and a premium of 430% above the value of a membership interest on July 1, 2004.

Members may retain or reduce their investment in the commodities industry. While the overall transaction provides for approximately 38% of the purchase consideration in cash and approximately 62% in ICE common stock, members may elect to receive more or less stock, subject to proration.

There is no lock-up on the shares of ICE common stock that members will receive in the merger. Members may sell all of their ICE shares immediately upon the closing of the transaction or retain 3,162 shares in order to retain trading privileges or 21,078 shares in order to maintain clearing member privileges.

Table of Contents

Continuation of Core Rights for NYBOT members. The transaction preserves certain core rights of members relating to open-outcry trading of NYBOT's agricultural products. NYBOT's board of governors noted that:

The floor may not be closed unless the average daily volume of open-outcry trading in any core product or all core products in the aggregate falls below 50% of the corresponding 2005 levels (with such determination to be made on a rolling 90-day basis as compared to the same period in 2005 to take seasonality into account), NYBOT's current lease at the World Financial Center terminates or, prior to July 1, 2013, a supermajority of the surviving corporation's public directors (who will initially be appointed prior to the closing of the transaction as described in *Directors and Officers of ICE After the Merger* and the *Directors and Officers of the Surviving Corporation After the Merger*) recommends such action be taken and at least a two-thirds majority of the surviving corporation's entire board of directors approves such action.

Brokers handling open-outcry customer business will have the added protection of a pricing structure that provides for \$1.00 per contract side premium in exchange fees for electronic trading of core products as long as a competing exchange does not launch a look-a-like physical delivery contract and subject to amendment as described below and subject to certain exceptions.

After the merger, even if the \$1.00 premium is eliminated in a competitive situation, electronic trading fees may not be less than open-outcry fees charged by the exchange for the same contract in a core product, subject to amendment as described below and subject to certain exceptions.

After the merger, members who retain a trading right will be entitled to a discount of no less than 20% on fees for proprietary trading, on both open-outcry and electronic trading with respect to any existing product subject to amendment as described below and subject to certain exceptions.

Until July 1, 2013, core rights (including the \$1.00 premium on electronic trading fees, the 20% discount in proprietary trading fees, and the pricing preferences described above) may not be amended unless approved by a supermajority of NYBOT's public directors (who will initially be appointed prior to the closing of the transaction) as described in *Directors and Officers of ICE After the Merger* and the *Directors and Officers of the Surviving Corporation After the Merger* and a vote of two-thirds of the surviving corporation's entire board.

Opportunity to Participate in a Stronger Combined Company After the Merger. Because NYBOT members would own approximately 15% of the outstanding capital stock of ICE, on a fully-diluted basis immediately after the completion of the merger, NYBOT members would have the opportunity to participate in the future performance of the combined company. In this regard, NYBOT's board of governors noted that:

The transaction permits NYBOT to combine with a leading electronic exchange to initiate side-by-side electronic trading and develop additional electronic products. This avoids NYBOT having to finance its own electronic platform, may enhance NYBOT's ability to compete against other exchanges that might seek to launch electronic trading of the same or similar products and may significantly broaden the distribution of its financial futures products through electronic trading.

ICE has a successful history of developing derivative contracts in energy, and ICE could encourage the introduction of electronic derivatives in NYBOT's core agricultural products, including based on grade and location, which may lead to significant arbitrage opportunities.

The combined company will be led by a strong, experienced management team from both organizations.

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The transaction will combine NYBOT's strong reputation, long history and established brand with ICE's culture of technological innovation, customer and stockholder focus, and growth.

The combined company will be a preeminent global marketplace, having an enhanced ability to compete both domestically and internationally with other commodities exchanges, by combining energy and agricultural products and by increasing scale.

The combined company will have a strong balance sheet and the ability to generate substantial cash flow to finance future expansion as well as to invest in improving and adding new technology, services and products for market users.

Table of Contents

Fairness Opinion. Houlihan Lokey delivered a written fairness opinion based upon and subject to the assumptions, conditions, limitations and other matters set forth in its opinion, that, as of the date of the opinion, the consideration to be received by NYBOT members in the merger in exchange for their membership interests was fair to NYBOT members from a financial point of view (see *The Merger Opinion of NYBOT's Financial Advisor*).

Tax-Free Treatment. It is anticipated that the portion of the consideration to be received by NYBOT members in the merger in the form of shares of ICE common stock would be tax-free to NYBOT members for U.S. federal income tax purposes, although NYBOT's board of governors was also mindful of the fact that any merger consideration received by NYBOT members in the form of cash generally would be taxable for U.S. federal income tax purposes (see *The Merger Material United States Federal Income Tax Consequences*).

Alternatives to the Merger and Advantages of the Merger with ICE. NYBOT's board of governors had in the past considered a number of strategic alternatives available to NYBOT, including:

Remaining a not-for-profit entity.

Converting to a for-profit public company.

Pursuing acquisitions by one or more other U.S. and non-U.S. exchanges.

Exploring alliances and joint ventures with other entities.

Developing its own electronic exchange similar to the exchange operated by ICE.

Converting the exchange into a co-operative.

NYBOT's board of governors concluded, based on its familiarity with the commodities trading markets and the exchange industry, economic and market conditions, both historical and prospective, and based on presentations by NYBOT's management and legal, business and financial advisors, that the merger agreement represented the most desirable strategic alternative available to NYBOT at this time. In reaching this conclusion, NYBOT's board of governors reviewed and took into consideration:

The information concerning NYBOT's and ICE's businesses, historical financial performance and condition, operations, properties, assets, regulatory issues, competitive positions, prospects and management.

The current and prospective economic and competitive environment facing the commodities exchange industry and NYBOT in particular, including the anticipated electronic competition in the industry.

The historical market prices, volatility and trading information with respect to ICE common stock.

The strong strategic fit between NYBOT and ICE's electronic trading capability.

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The material terms of the merger agreement, including the nature and scope of the closing conditions and the ability of NYBOT's board of governors to terminate the merger agreement with ICE to pursue an alternative proposal that it deems superior for NYBOT members.

The view of NYBOT's board of governors that the satisfaction of the conditions to completion of the merger was probable within a reasonable period of time.

NYBOT's board of governors also considered the following potentially negative factors associated with the merger:

ICE has been a public company for less than twelve months. During this time its share price has experienced significant volatility. ICE shares reached a high of \$82.40 per share in May 2006, which was a more than three-fold increase from ICE's initial public offering price of \$26.00 in November 2005 and a recent low of \$46.20 on June 14, 2006.

The transaction provides for a fixed number of shares to be distributed to NYBOT members. These may not be sold until the transaction closes. The value of the shares could decline during that period.

Table of Contents

ICE's business is highly dependent on the energy sector. Future profits would likely be correlated to energy trading.

ICE may face increased competition due to other exchanges' advances in electronic trading, which could affect ICE's ability to maintain its current profitability and commission structure.

The core rights of members related to open-outcry trading of NYBOT's agricultural products may, under certain circumstances, be amended.

ICE may introduce competitive electronic products, such as mini and maxi sized contracts, which may draw customer business away from NYBOT's existing open-outcry based contracts.

The risk of diverting management focus and resources from other strategic opportunities and from operational matters, and the potential disruption associated with the merger and integrating the companies.

The restrictions on the conduct of NYBOT's business prior to the completion of the merger, requiring NYBOT to conduct its business in the ordinary course, subject to specific limitations, which may delay or prevent NYBOT from undertaking business opportunities that may arise pending completion of the merger.

ICE insiders and significant stockholders have a substantial number of shares that, prior to the expected closing date, will no longer be subject to lock-up restrictions. Sales of these shares could adversely impact ICE's share price. If members elect to quickly sell the shares they receive in the merger, this may also lead to downward pressure on ICE's share price.

The requirement that NYBOT submit the merger agreement to its members for approval in certain circumstances, which even if NYBOT's board of governors withdraws its recommendation, could delay or prevent NYBOT's ability to pursue alternative proposals if one were to become available.

That some officers and governors of NYBOT have interests in the merger as individuals in addition to, and that may be different from, the interests of NYBOT members, including such interests in the bonus pool (see The Merger Interests of Officers and Governors in the Merger).

Various other risks associated with the merger and the business of NYBOT, ICE and the combined company described under Risk Factors.

NYBOT's board of governors believed and continues to believe that the potential benefits that NYBOT's board expects NYBOT and its members to achieve as a result of the proposed merger greatly outweigh potential risks and drawbacks.

In considering the proposed merger, NYBOT's board of governors was, and is, aware of the interests of certain officers and governors of, and advisors to, NYBOT and its board in the merger, as described under The Merger Interests of Officers and Governors in the Merger and The Merger Certain Relationships and Related-Party Transactions.

Opinion of NYBOT's Financial Advisor

The board of governors of NYBOT retained Houlihan Lokey Howard & Zukin Financial Advisors, Inc., or Houlihan Lokey, to render to it an opinion, referred to as the Opinion, as to whether, as of the date of the Opinion, the merger consideration to be received by NYBOT members in the merger in exchange for their membership interests is fair to them from a financial point of view.

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Houlihan Lokey delivered its written Opinion, dated September 13, 2006, to NYBOT's board of governors, to the effect that, as of the date of the Opinion, on the basis of Houlihan Lokey's analysis summarized below, and subject to the assumptions, factors and limitations set forth in the written Opinion and described below, the merger consideration to be received by NYBOT members in the merger in exchange for their membership interests is fair to them from a financial point of view.

Table of Contents

The full text of Houlihan Lokey's Opinion, which is attached as Annex D, describes, among other things, the assumptions made, general procedures followed, matters considered and limitations on the review undertaken by Houlihan Lokey in rendering its Opinion. The Opinion was furnished to NYBOT's board of governors in connection with its consideration of the merger and does not constitute a recommendation to any NYBOT member on whether or not to vote in favor of or against approval and adoption of the merger agreement. The summary of Houlihan Lokey's Opinion in this statement is qualified in its entirety by reference to the full text of its Opinion. NYBOT members are urged to read the Opinion carefully and in its entirety.

Houlihan Lokey was not requested to, and did not, (a) initiate any discussions with, or solicit any indications of interest from, third parties with respect to the merger or any alternatives to the merger, (b) negotiate the terms of the merger, or (c) advise NYBOT's board of governors or any other party with respect to alternatives to the merger. The Opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Houlihan Lokey as of, the date of the Opinion. Houlihan Lokey has not undertaken, and is under no obligation, to update, revise, reaffirm or withdraw the Opinion, or otherwise comment on or consider events occurring after the date thereof. Houlihan Lokey has not considered, nor does Houlihan Lokey express any opinion with respect to, the prices at which the common stock of ICE has traded or may trade subsequent to the disclosure or consummation of the merger. Houlihan Lokey assumed that the common stock to be issued in the merger to NYBOT members will be registered and listed on the NYSE.

Houlihan Lokey was not requested to opine as to, and the Opinion did not address, among other things:

the underlying business decision of NYBOT, NYBOT members or any other party to proceed with or effect the merger;

the fairness of any portion or aspect of the merger not expressly addressed in the Opinion;

the fairness of any portion or aspect of the merger to the holders of any class of securities or membership interest, creditors or other constituencies of NYBOT or any other party other than those set forth in the Opinion;

the relative merits of the merger as compared to any alternative business strategies that might exist for NYBOT or any other party or the effect of any other transaction in which NYBOT or any other party might engage;

the tax or legal consequences of the merger to any of NYBOT, NYBOT members, or any other party;

the fairness of any portion or aspect of the merger to any one class or group of NYBOT's or any other party's security or membership interest holders vis-à-vis any other class or group of NYBOT's or such other party's security or membership interest holders;

whether or not NYBOT, its membership interest holders or any other party is receiving or paying reasonably equivalent value in the merger; or

the solvency, creditworthiness or fair value of NYBOT, ICE or any other participant in the merger under any applicable laws relating to bankruptcy, insolvency or similar matters.

Furthermore, no opinion, counsel or interpretation is intended with respect to matters that require legal, regulatory, accounting, insurance, tax or other similar professional advice. Houlihan Lokey assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources by NYBOT. Furthermore, Houlihan Lokey relied, with the consent of NYBOT's board of governors, on advice of the outside counsel and the independent accountants to NYBOT and ICE, and on the assumptions of the management of NYBOT, as to all legal, regulatory, accounting, insurance and tax matters with respect to NYBOT, ICE and the merger.

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Houlihan Lokey has not been requested to make, and has not made, any physical inspection or independent appraisal of any of the assets, properties or liabilities (contingent or otherwise) of NYBOT, ICE or any other

Table of Contents

party, nor was Houlihan Lokey provided with any such appraisal. Furthermore, Houlihan Lokey has undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims or other contingent liabilities, to which NYBOT or ICE is or may be a party or is or may be subject, or of any governmental investigation of any possible unasserted claims or other contingent liabilities to which NYBOT or ICE is or may be a party or is or may be subject.

In connection with the Opinion, Houlihan Lokey made such reviews, analyses and inquiries as it deemed necessary and appropriate under the circumstances. Among other things, Houlihan Lokey:

Discussed with management of NYBOT and their representatives:

The nature and operations of the business of NYBOT, including NYBOT's historical financial performance, existing business plans, future performance estimates, and budgets;

The assumptions underlying NYBOT's business plans, estimates, and budgets as well as risk factors that could affect planned performance; and

The sale process undertaken by NYBOT and its advisors including alternatives to the merger considered and other offers for NYBOT;

Reviewed NYBOT's audited financial statements for the fiscal years ended December 31, 2002 to 2005 and unaudited balance sheet and income statement of NYBOT for the seven-month period ended July 31, 2006;

Reviewed ICE's Form 10-K filed for the year ended December 31, 2005, Form 10-Q filed for the period ended June 30, 2006, the prospectus filed with the SEC on November 16, 2005 and the prospectus filed with the SEC on July 18, 2006;

Reviewed the NYCC audited financial statements for the years ended December 31, 2004 and 2005;

Reviewed financial forecasts and projections prepared by the management of NYBOT with respect to NYBOT's balance sheet for the fiscal years ending December 31, 2006 through 2014 and NYBOT's income statement for the fiscal years ending December 31, 2006 through 2015;

Reviewed the merger agreement, draft dated September 11, 2006; and

Conducted such other studies, analyses and inquiries as it deemed necessary and appropriate under the circumstances.

The full text of the Opinion attached as Annex D sets forth in greater detail the matters considered and items reviewed by Houlihan Lokey in rendering its Opinion.

Assumptions

Houlihan Lokey relied upon and assumed, without independent verification, the accuracy and completeness of all data, material and other information furnished, or otherwise made available, to Houlihan Lokey, discussed with or reviewed by Houlihan Lokey, or publicly available, and does not assume any responsibility with respect to such data, material and other information. In addition, management of NYBOT has

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advised Houlihan Lokey, and Houlihan Lokey has assumed, without independent verification, that the financial forecasts and projections have been reasonably prepared on bases reflecting the best currently available estimates and judgments of such management as to the future financial results and condition of NYBOT, and Houlihan Lokey expresses no opinion with respect to such forecasts and projections or the assumptions on which they are based. Houlihan Lokey further has been advised, or has assumed, that the information and data provided to or otherwise discussed with Houlihan Lokey relating to the potential strategic implications and operational benefits anticipated to result from the merger were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of ICE and NYBOT as to such strategic implications and operational benefits. Houlihan Lokey has relied upon and assumed, without independent verification, that there has been no material change in the assets, liabilities, financial condition, results of operations, business or prospects of NYBOT or ICE

Table of Contents

since the date of the most recent financial statements provided to Houlihan Lokey, and that there are no information or facts that would make any of the information reviewed by Houlihan Lokey incomplete or misleading. Houlihan Lokey has not considered any aspect or implication of any transaction to which NYBOT or ICE is a party (other than the merger).

Houlihan Lokey has relied upon and assumed, without independent verification, that (a) the representations and warranties of all parties to the agreements identified in the merger agreement, and all other related documents and instruments that are referred to therein are true and correct, (b) each party to all such agreements will fully and timely perform all of the covenants and agreements required to be performed by such party, (c) all conditions to the consummation of the merger will be satisfied without waiver thereof, and (d) the merger will be consummated in a timely manner in accordance with the terms described in the agreements provided to Houlihan Lokey, without any amendments or modifications thereto or any adjustment to the aggregate consideration (through offset, reduction, indemnity claims, post-closing purchase price adjustments or otherwise). Houlihan Lokey has also relied upon and assumed, without independent verification, that all governmental, regulatory, and other consents and approvals necessary for the consummation of the merger will be obtained and that no delays, limitations, restrictions or conditions will be imposed that would result in the disposition of any material portion of the assets of NYBOT or ICE, or otherwise have an adverse effect on NYBOT or ICE or any expected benefits of the merger. In addition, Houlihan Lokey has relied upon and assumed, without independent verification, that the final forms of the draft documents reviewed by Houlihan Lokey and identified in Houlihan Lokey's Opinion will not differ in any material respect from such draft documents.

Summary of Financial Analyses Performed by Houlihan Lokey

The following is a summary of the material financial analyses used by Houlihan Lokey in connection with providing its Opinion. You are urged to read the full text of the Opinion carefully and in its entirety.

In connection with rendering its Opinion, Houlihan Lokey performed certain financial, comparative and other analyses as described below. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analysis and the application of those methods to the particular circumstances and is not, therefore, readily susceptible to summary description. Furthermore, in arriving at its Opinion, Houlihan Lokey made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Houlihan Lokey believes that its analyses must be considered as a whole and that consideration of any portion of such analyses and factors, without consideration of all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its Opinion. In its analyses, Houlihan Lokey made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of NYBOT. Any estimates contained in these analyses were not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by these analyses. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold.

The financial analyses summarized below were based upon market prices as of September 12, 2006, the trading day immediately preceding the date of the Opinion, unless otherwise noted.

In connection with its opinion, Houlihan Lokey did not consider or ascribe value to the right of NYBOT members to receive a pro rata share of unpaid bonus pool amounts, or of excess working capital, because the amounts, if any, to be received therefor were not determinable at the date of the Opinion.

In order to evaluate the fairness to NYBOT members, from a financial point of view, of the merger consideration to be received by NYBOT members in exchange for their membership interests, Houlihan Lokey evaluated the enterprise value ranges from operations (i.e., the equity value, plus all of its interest-bearing debt less cash and non-operating assets) (referred to herein as enterprise value), and the value of the common equity, or MVE, of NYBOT (referred to herein as market value of equity), relative to the merger consideration.

Table of Contents

In order to determine the enterprise and common equity value ranges of NYBOT, Houlihan Lokey utilized the following financial analyses based upon its view that they are appropriate and reflective of generally accepted valuation methodologies given the availability of information regarding comparable publicly-traded companies, the availability of forecasts from management of NYBOT, and the availability of information regarding similar transactions, as applicable. Each analysis provides an indication of the standalone enterprise value from operations of NYBOT. No single analysis was considered to be more appropriate than any other analysis, and therefore Houlihan Lokey considered all of the aforementioned analyses in arriving at its conclusion.

Houlihan Lokey conducted a market multiple analysis, a comparable transaction analysis, a discounted cash flow analysis, a membership interest seat price analysis, a public market trading analysis for ICE and a contribution analysis. The following analyses assume, based on management estimates, that none of NYBOT or ICE has any material contingent liabilities.

Market Multiple Analysis. This analysis provides an indication of enterprise value derived from multiples of (i) revenues, (ii) earnings before interest, taxes, depreciation and amortization, or EBITDA, (iii) earnings before interest and taxes, or EBIT, and an indication of market value of equity derived from multiples of net income. In order to derive NYBOT's enterprise value from the market value of equity, net debt (total debt net of cash) is normally added to the market value of equity. Since NYBOT had no interest bearing debt, Houlihan Lokey deducted \$44.3 million of cash from the calculated market value of equity.

Houlihan Lokey's selection of market multiples for NYBOT was based upon its analysis of financial information of certain publicly-traded companies listed below that it considered to be reasonably comparable to NYBOT, based on the industries in which the companies operate, their principal competitors and their business risk profiles. Houlihan Lokey's analysis of comparable companies included both qualitative considerations and quantitative considerations such as size, profitability, growth history and prospects. However, no single factor was determinative in these analyses.

Houlihan Lokey calculated certain financial ratios of these comparable companies based on the most recent publicly available information regarding these companies, including the multiples of enterprise value to revenues, enterprise value to EBITDA, enterprise value to EBIT, and market value of equity to net income, for the latest twelve-month period ended June 30, 2006, or LTM, for the projected fiscal year ending December 31, 2006, or 2006E, and the projected fiscal year ending December 31, 2007, or 2007E.

Houlihan Lokey reviewed publicly-available financial information of the following publicly traded comparable companies: Chicago Mercantile Exchange Holdings, Inc., CBOT Holdings, Inc. and IntercontinentalExchange, Inc., which were categorized as Tier 1 companies on the basis of the industry in which they operate (financial exchanges), their products (futures) and their geographic scope (North America), and NASDAQ Stock Market, Inc., NYSE Group, Inc., TSX Group, Inc., and International Securities Exchange Holdings, Inc., which were categorized as Tier 2 companies on the basis of the industry in which they operate (financial exchanges) and their geographic scope (North America). Because of their product lines (futures trading), the Tier 1 companies have been considered to have more similar risk profiles and growth prospects to NYBOT than the Tier 2 companies. The projections used in Houlihan Lokey's analysis of these comparable companies were based on I/B/E/S analyst consensus estimates and public analyst reports.

Table of Contents

The analysis indicated that the multiples for the publicly traded comparable companies as of approximately September 12, 2006 were as follows:

	ENTERPRISE VALUE / EBITDA			ENTERPRISE VALUE / EBIT		
	LTM	2006E	2007E	LTM	2006E	2007E
Tier 1						
Median	24.6x	18.7x	15.0x	29.8x	23.5x	18.6x
Mean	25.1x	19.4x	15.4x	29.5x	23.5x	17.9x

Tier 2						
Median	16.7x	15.2x	12.8x	20.6x	19.4x	14.5x
Mean	17.7x	15.9x	11.8x	24.0x	20.3x	13.7x

	ENTERPRISE VALUE / Revenue			MARKET VALUE OF EQUITY / Net Income		
	LTM	2006E	2007E	LTM	2006E	2007E
Tier 1						
Median	15.30x	12.73x	10.05x	46.0x	40.0x	31.7x
Mean	14.61x	11.99x	9.83x	48.6x	37.6x	29.0x

Tier 2						
Median	6.60x	5.75x	5.15x	51.8x	37.8x	24.8x
Mean	6.33x	5.68x	5.12x	56.1x	37.9x	24.1x

For purposes of determining the appropriate level of revenues, EBITDA, EBIT and net income for NYBOT, Houlihan Lokey utilized historical financial statements and projected financial statements for the years ended December 31, 2006 and 2007, provided by NYBOT's management. These financial results were adjusted for the following nonrecurring costs or gains: fixed asset write-offs and dispositions; clearing member default costs; costs of terminating certain agreements; and net gain on insurance settlement.

Houlihan Lokey derived NYBOT's enterprise value and market value of equity by applying selected revenues, EBITDA, EBIT and net income multiples to NYBOT's revenues, adjusted EBITDA, adjusted EBIT and adjusted net income results for the latest twelve month period ended July 31, 2006 as well as to projected results for the fiscal years ending December 31, 2006 and December 31, 2007.

1. With respect to enterprise value to revenues multiples, Houlihan Lokey selected multiples in the range of 8.0x to 10.0x for the LTM period, 7.5x to 9.5x for the 2006E period and 6.5x to 8.5x for the 2007E period.
2. With respect to enterprise value to EBITDA multiples, Houlihan Lokey selected multiples in the range of 21.0x to 24.0x for the LTM period, 17.0x to 19.0x for the 2006E period and 13.0x to 15.0x for the 2007E period.
3. With respect to enterprise value to EBIT multiples, Houlihan Lokey selected multiples in the range of 25.0x to 27.0x for the LTM period, 20.0x to 23.0x for the 2006E period and 15.5x to 17.5x for the 2007E.
4. With respect to market value of equity to net income multiples, Houlihan Lokey selected multiples in the range of 40.0x to 44.0x for the LTM period, 32.0x to 36.0x for the 2006E period and 24.0x to 28.0x for the 2007E period.

Based on this market multiple analysis, the indicated enterprise value range for NYBOT was \$711.1 million to \$814.1 million and the indicated market value of equity range was \$755.4 million to \$858.4 million.

Table of Contents

Comparable Transaction Analysis. This analysis provides an indication of the value that an acquirer may be willing to pay in a transaction as a multiple of certain of the target company's operating and financial metrics such as revenues, EBITDA and EBIT. Houlihan Lokey reviewed publicly available financial information of the following merger and acquisition transactions announced between January 1, 2002 and August 31, 2006 involving companies deemed comparable to NYBOT:

Acquiror	Target	Dated Announced
Deutsche Boerse AG	Euronext NV	May 23, 2006
NYSE Group	Euronext NV	May 22, 2006
ICAP Plc	EBS Group	April 21, 2006
Nasdaq Stock Market inc	London Stock Exchange Plc(1)	April 11, 2006
General Atlantic	NYMEX Holdings, Inc.(2)	September 20, 2005
NYSE Group	Archipelago	April 20, 2005
OMX AB	Kobenvahns Fondsbors A/S	November 15, 2004
Instinet	Island ECN	June 10, 2002

(1) NASDAQ purchased a 25% equity stake in LSE.

(2) Based on a 10% equity investment.

Houlihan Lokey deemed the target companies in these transactions to be reasonably comparable to NYBOT based on the industry in which NYBOT operates, its principal competitors and its business risk profile.

The analysis showed that the multiples exhibited by the companies involved in these comparable transactions as of the announcement date of each transaction were as follows:

	Revenues	Enterprise Value to EBITDA	EBIT
Low	1.68x	8.5x	11.2x
High	9.81x	21.4x	23.8x
Median	4.74x	12.9x	18.7x
Mean	5.54x	14.7x	18.1x

Houlihan Lokey derived indications of NYBOT's enterprise value by applying selected multiples to NYBOT's latest twelve month revenues, EBITDA and EBIT results. Houlihan Lokey selected enterprise value to revenues multiples in the range of 8.0x to 9.0x, enterprise value to EBITDA multiples in the range of 18.0x to 20.0x and enterprise value to EBIT multiples in the range of 20.0x to 22.0x. The indicated enterprise value range from this method was \$654.1 million to \$727.4 million for NYBOT and the indicated range of market value of equity was \$698.4 million to \$771.7 million.

Discounted Cash Flow Analysis. This analysis provides an indication of value for each company based on its ability to achieve its projected financial results. This analysis utilizes the projected cash flows of NYBOT discounted back to present value based on a range of risk-adjusted discount rates.

For purposes of its discounted cash flow analysis, Houlihan Lokey utilized certain financial projections of NYBOT that were prepared by NYBOT management for the fiscal years ending December 31, 2006, 2007, 2008, 2009 and 2010. In order to determine the enterprise value of NYBOT, Houlihan Lokey first derived adjusted free cash flow by adjusting projected EBIT for capital expenditures, as well as working capital requirements and taxes.

Houlihan Lokey used the terminal multiple approach to determine the separate value of NYBOT at the end of the projection period. In the terminal multiple approach, Houlihan Lokey evaluated the aggregate value of all estimated future cash flows subsequent to the projection period (referred to herein as the terminal value) by

Table of Contents

multiplying NYBOT's estimated EBITDA in the final projection year (2010) by terminal EBITDA multiples ranging from 13.0x to 15.0x. Houlihan Lokey selected a range of terminal EBITDA multiples based on the range of enterprise value to EBITDA multiples calculated in the respective Market Multiple and Comparable Transaction Analyses, as applicable. Houlihan Lokey then applied risk-adjusted discount rates to NYBOT's projected adjusted free cash flows in order to discount NYBOT's projected future cash flows to a present value. Houlihan Lokey applied the risk-adjusted discount rates in the range of 14.5% to 16.5%.

NYBOT's enterprise value was calculated as the sum of (i) the present value of free cash flows for the period September 1, 2006 through December 31, 2010 and (ii) the present value of NYBOT's terminal value.

Based on this discounted cash flow analysis, the indicated enterprise value of NYBOT ranged from \$744.3 million to \$899.5 million, or a market value of equity ranging between \$788.7 million to \$943.8 million.

Membership Interest Seat Price Analysis. Houlihan Lokey analyzed the historical prices for NYBOT's membership interest seats and reviewed news articles and press releases relating to NYBOT. In particular, Houlihan Lokey analyzed NYBOT's (i) latest seat trade price, (ii) the average of the seat prices in the last 5, 10 and 20 trades and the average of the seat prices for all 2006 trades, all as of September 12, 2006. Based on the highest and lowest seat prices paid in trades that took place within the last 90 days preceding September 12, 2006, Houlihan Lokey noted seat prices ranging from \$675,000 to \$850,000, indicating a range of total equity value from \$660.0 million to \$830.0 million based on 977 seats. Additionally, Houlihan Lokey estimated the value of the floor trading rights associated with NYBOT's seat ownership, using leasing rates of the average of the last five announced leases of the seat trading rights and capitalization rates ranging from 8% to 12%. Based on this analysis, Houlihan Lokey estimated the seat prices, net of the value of the trading rights associated with such seat, to be in the range of \$516,000 to \$744,000 per seat, or a total equity value of \$500.0 million to \$730.0 million based on 977 seats.

Determination of NYBOT's Equity Value. Based upon the above analyses, Houlihan Lokey determined indications of ranges of equity values for NYBOT as follows (rounded):

Market Multiple Analysis: \$760.0 million to \$860.0 million

Comparable Transaction Analysis: \$700.0 million to \$770.0 million

Discounted Cash Flow Analysis: \$790.0 million to \$940.0 million

NYBOT Seat Price: \$660.0 million to \$830.0 million

NYBOT Seat Price, net of trading rights: \$500.0 million to \$730.0 million

These ranges of equity values for NYBOT compared to a transaction consideration of \$1,051.6 million as of September 12, 2006.

ICE Public Market Trading Analysis. Houlihan Lokey analyzed the historical market prices and trading volume for ICE's publicly held common stock and reviewed analyst reports, news articles, press releases relating to ICE, and ICE's common stock ownership. Houlihan Lokey analyzed ICE's closing stock price on a spot basis and the lowest and highest stock prices on a 90-day and 30-day period basis and since its IPO on November 16, 2005, all as of September 12, 2006, the trading day immediately prior to the delivery of Houlihan Lokey's opinion.

Additionally, Houlihan Lokey performed a sensitivity analysis comparing the merger consideration, calculated as the sum of \$400.0 million in cash and 10,297,000 ICE common stock shares, assuming ICE's highest, lowest and average stock price for the last 90 days. This sensitivity analysis resulted in a total value of the merger consideration ranging from \$873.7 million to \$1,215.2 million, with a midpoint of \$1,044.5 million. Houlihan Lokey noted that the \$1,051.6 million value of the merger consideration as of September 12, 2006, is approximately 0.7% higher than the midpoint of \$1,044.5 million.

Table of Contents

Contribution Analysis. Houlihan Lokey then evaluated NYBOT's revenues, EBITDA and net income contribution, on a pre-merger basis, to the total combined entity of NYBOT and ICE. This analysis was performed to compare the proportionate operating performance contributed by NYBOT to the proportion of the combined entity's equity to be received by NYBOT members in the merger. Houlihan Lokey concluded the range of NYBOT's relative contribution, before taking into account any synergy resulting from the merger, was between:

26.0% of the expected combined revenues for 2006 and 24.4% of the expected combined revenues for 2007;

16.7% of the expected combined EBITDA for 2006 and 18.2% of the expected combined EBITDA for 2007; and

13.5% of the expected combined net income for 2006 and 15.0% of the expected combined net income for 2007;

For purpose of comparison to the contribution analysis above, Houlihan Lokey noted that, NYBOT membership interest pro forma ownership of the combined entity equity, calculated as if the value of the merger consideration were paid totally in ICE common stock, was 23.4% and calculated on an actual basis was 14.5%.

Additionally, Houlihan Lokey discussed with NYBOT's management the likelihood of clearing ICE's products through NYBOT's in-house clearing house, instead of a third-party clearing organization, and the resulting revenue synergies. Houlihan Lokey considered these revenue synergies in its analysis of the combined entity's pro forma earnings per share and the related accretion/dilution analysis.

Miscellaneous

Houlihan Lokey has acted as financial advisor to the board of governors of NYBOT in connection with the merger and has received from NYBOT customary fees for providing its fairness opinion, which was not contingent upon the conclusions reached in its Opinion, any actions taken by NYBOT's board of governors, the approval of the merger by NYBOT members or the consummation of the merger. In addition NYBOT has agreed to indemnify Houlihan Lokey for certain liabilities and other items arising out of its engagement.

NYBOT chose to retain Houlihan Lokey to serve as financial advisor to the board of governors based upon Houlihan Lokey's experience in the valuation of businesses and their securities in connection with mergers, acquisitions, recapitalizations and similar transactions.

Houlihan Lokey is an internationally recognized investment banking firm that is engaged in providing financial advisory services and rendering fairness opinions in connection with mergers and acquisitions, leveraged buyouts, and business and securities valuations for a variety of regulatory and planning purposes, recapitalizations, financial restructurings and private placements of debt and equity securities. It has no material prior relationship with the board of governors of NYBOT or their affiliates.

Interests of Officers and Governors in the Merger

Interests of NYBOT's Governors and Executive Officers

In considering the recommendation of NYBOT's board of governors to vote FOR the proposal to approve and adopt the merger agreement, NYBOT members should be aware that members of NYBOT's board of governors and its executive management have relationships, agreements or arrangements that provide them with interests in the merger that may be in addition to or different from those of NYBOT members. NYBOT's board of governors was fully aware of these relationships, agreements and arrangements during its deliberations on the merits of the merger and in making its decision to recommend to NYBOT members that they vote to approve and adopt the merger agreement. See *The Merger NYBOT's Reasons for the Merger; Recommendation of the Merger by NYBOT's Board of Governors.*

Table of Contents

NYBOT Governors. Pursuant to the terms of the merger agreement, until the second anniversary of the completion of the merger, the surviving corporation's board of directors will be comprised of nine directors, including two members of the current NYBOT board of governors designated by ICE (who will also serve on the ICE board), and four directors who qualify as public directors and who, to the extent possible, will be initially selected from the current public governors on NYBOT's board of governors. Terrence F. Martell and Frederick W. Schoenhut are expected to serve as directors of ICE after the merger. NYBOT's governors who are expected to serve on the surviving corporation's board of directors and ICE's board of directors after the merger are expected to be compensated for their services in that capacity in accordance with a customary director compensation policy. For further information, see *Directors and Officers of ICE After the Merger and the Directors and Officers of the Surviving Corporation After the Merger.*

NYBOT Management. Certain members of NYBOT management are expected to serve in senior management positions of the surviving corporation after the merger. For further information, see *Directors and Officers of ICE After the Merger and the Directors and Officers of the Surviving Corporation After the Merger.*

NYBOT Employment and Change-in-Control Policy. NYBOT has in place an employment agreement with C. Harry Falk, President and Chief Executive Officer of NYBOT. The employment agreement provides for Mr. Falk to serve as President and Chief Executive Officer of NYBOT and, in such capacity, to have authority over the general management of NYBOT's business and supervision of all of its operations. The agreement may be terminated by NYBOT at any time upon three months' written notice, or immediately, if terminated for cause as defined in the agreement. Upon termination of the agreement, Mr. Falk would be bound by a non-competition provision for a period of three months (or one year, if terminated for cause) following termination of his employment.

NYBOT has a change-in-control policy that provides if, within two years following a change of control, NYBOT or its successor terminates an employee other than for cause or the employee terminates his or her employment for good reason, NYBOT or its successor, as the case may be, will, subject to certain limitations and restrictions, provide the following severance benefits to the employee:

Senior Staff: 2.0x pay (pay is defined as salary plus, where applicable, three year average incentive)

Other Management: 1.5x pay (pay is defined as salary plus, where applicable, three year average incentive)

Bonus Pool. In connection with the merger, ICE will make available \$10,747,183.66, payable in cash and/or shares of ICE common stock valued at \$63.127 per share (the Bonus Pool) for NYBOT to allocate to certain eligible governors and employees of NYBOT and its subsidiaries. NYBOT, with the concurrence of NYBOT's board and the compensation committee of NYBOT's board, has allocated the Bonus Pool to the following governors and employees: Fred W. Schoenhut; Terrence F. Martell, Ph.D; C. Harry Falk; Audrey R. Hirschfeld; Walter J. Hines; Joseph O'Neill; George Haase Jr.; Patrick Gambaro; Thomas Greene; Steven Bass and Donald Windey; and NYBOT has allocated \$2,010,000 in cash from the Bonus Pool to be used to provide an incentive for other employees of NYBOT to remain as employees of NYBOT after the merger (the Stay Bonus Pool). Messrs. Schoenhut and Martell, who are expected to serve as directors of ICE following the merger, have been allocated \$375,150 and \$112,545 in cash, respectively, and 18,971 and 5,691 shares of ICE common stock, respectively, of the total cash and stock ICE will make available under the Bonus Pool. The Stay Bonus Pool will be allocated by management of NYBOT prior to the merger and will be paid in two equal installments on the six-month and twelve-month anniversaries of the merger to those eligible employees who remain employed by NYBOT on those dates. In the event that the closing share price of ICE common stock on the trading day immediately prior to the date of the merger exceeds \$81.65 per share, the cash amount allocated to each senior manager will be reduced by an amount determined by multiplying such excess (up to \$9.39 per share, representing the excess if such closing price were \$91.04 per share) above \$81.65

Table of Contents

per share by the number of shares of ICE common stock allocated to such senior manager. The foregoing reductions have the effect of creating a cap on the aggregate amount to be received by each senior manager (based on the sum of the cash allocation and the share allocation valued at \$81.65). The aggregate amount of all such reductions in the cash allocations shall then be reallocated and included in the Stay Bonus Pool.

In the event that the closing share price of ICE common stock on the trading day immediately prior to the date of the merger exceeds \$91.04 per share, in addition to the cash reduction described in the previous paragraph, the number of shares of ICE common stock allocated to each senior manager shall be reduced by the aggregate value of such excess over \$91.04 per share, determined by multiplying the number of shares allocated to each senior manager by such excess over \$91.04 per share and dividing that amount by such prior day's closing price per share. The aggregate number of shares reduced pursuant to the prior sentence will not be delivered to governors or employees of NYBOT, will revert to the Bonus Pool based upon ICE's common stock valued at \$63.127 per share, and will be issued as additional merger consideration to the members in the same proportions of cash and ICE common stock as such members are otherwise entitled to receive after application of the proration mechanics by the exchange agent. ICE will not be required to distribute the Bonus Pool to the extent such distribution is not fully deductible by ICE, NYBOT or the surviving corporation under Section 162(m) or Section 280G of the Internal Revenue Code, and any such Bonus Pool not so distributed shall be distributed to the members.

Indemnification and Insurance. The merger agreement provides that, upon completion of the merger, ICE will, to the fullest extent permitted by law, indemnify and hold harmless, and provide advancement of expenses to, all past and present directors, officers and employees of the surviving corporation and its subsidiaries to the same extent those individuals were entitled to indemnification or advancement of expenses under NYBOT's certificate of incorporation and indemnification agreements, if any, in existence as of the date of the merger agreement. To this end, the surviving corporation's certificate of incorporation and bylaws will include provisions relating to indemnification of officers, directors and employees that are, in the aggregate, no less advantageous to the intended beneficiaries than the corresponding provisions in the current NYBOT certificate of incorporation and bylaws.

The merger agreement also provides that, prior to the effective time of the merger, ICE will purchase or permit NYBOT to purchase a six-year tail prepaid policy on terms and conditions no less advantageous to the insured than the current directors' and officers' liability insurance policies maintained by NYBOT, although neither ICE nor NYBOT may expend for such tail policy a premium amount in excess of \$1,500,000 in the aggregate.

Relationship with Brown Brothers Harriman. John C. Santos, a public governor on NYBOT's board of governors, is currently a Managing Director at Brown Brothers Harriman, which has served as NYBOT's financial advisor with respect to the merger transaction and also serves as a settlement bank for NYBOT's subsidiary clearing organization.

Relationship with ICE. On September 13, 2006, the date NYBOT's board of governors held its special meeting to approve the merger agreement, Martin Greenberg and Alfred J. Mascia, members of NYBOT's board of governors, owned approximately 5,000 and 1,000 shares of ICE common stock, respectively. NYBOT's board of governors was notified of these relationships prior to the time of its decision to recommend to NYBOT members that they vote to approve and adopt the merger agreement. Both governors also informed NYBOT's board of governors that their respective holdings of ICE common stock represent an insignificant portion of each of their overall investment portfolios.

Certain Relationships and Related-Party Transactions

None.

Table of Contents

Material United States Federal Income Tax Consequences

Subject to the limitations and qualifications described herein, the following discussion describes the material U.S. federal income tax consequences of the merger to U.S. holders of NYBOT membership interests. This discussion is based on current provisions of the Internal Revenue Code, final, temporary or proposed U.S. Treasury regulations promulgated under the Internal Revenue Code, judicial opinions, published positions of the Internal Revenue Service and all other applicable authorities, all of which are subject to change (possibly with retroactive effect).

For purposes of this discussion, the term "U.S. holder" means:

a citizen or resident of the United States;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States or of any state;

an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or

a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity that is treated as a partnership for U.S. federal income tax purposes holds NYBOT membership interests, the tax treatment of a partner in this partnership generally will depend on the status of the partners and the activities of the partnership. If you are a partner in a partnership holding NYBOT membership interests, you should consult your tax advisor. This discussion only addresses holders of NYBOT membership interests that hold their NYBOT membership interests as a capital asset within the meaning of Section 1221 of the Internal Revenue Code. Further, this summary does not address all aspects of U.S. federal income taxation that may be relevant to a holder in light of the holder's particular circumstances or that may be applicable to holders subject to special treatment under U.S. federal income tax law (including, for example, persons that are not U.S. persons, financial institutions, dealers in securities, insurance companies, tax-exempt entities, partnerships or other pass-through entities, holders subject to the alternative minimum tax provisions of the Internal Revenue Code, persons whose functional currency is not the U.S. dollar, and holders who hold their NYBOT membership interests as part of a hedge, straddle, constructive sale or conversion transaction). In addition, no information is provided herein with respect to the tax consequences of the merger under applicable state, local or non-U.S. laws or federal laws other than those pertaining to the federal income tax.

ALL HOLDERS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE MERGER TO THEM, INCLUDING THE EFFECTS OF U.S. FEDERAL, STATE AND LOCAL, FOREIGN AND OTHER TAX LAWS.

Conditions to Closing

It is a condition to the obligation of NYBOT to consummate the merger that it receive a private letter ruling from the Internal Revenue Service to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code and that NYBOT members and holders of NYBOT trading permits will not recognize gain in connection with the merger other than with respect to any cash consideration received. It is a condition to the obligation of ICE to consummate the merger that it receive a private letter ruling from the Internal Revenue Service to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

NYBOT and ICE have each requested a private letter ruling from the Internal Revenue Service with respect to the transactions contemplated by the merger agreement. The receipt of this ruling and its continuing validity

Table of Contents

will be subject to representations and assumptions. Neither NYBOT nor ICE is aware of any facts or circumstances that would cause these representations or assumptions to be untrue. The parties have not yet received the private letter ruling and there can be no assurance that a private letter ruling will be received or that, if received, the Internal Revenue Service will agree with all of the conclusions described in the following discussion.

Neither NYBOT nor ICE intends to waive the receipt of a private letter ruling described in the first paragraph above as a condition to its obligation to complete the merger and neither NYBOT nor ICE will waive the receipt of this ruling as a condition to its obligation to complete the merger without recirculating this document in order to resolicit NYBOT member approval. It is assumed for purposes of the discussion set forth below under "The Merger Material United States Federal Income Tax Consequences The Merger," that the private letter rulings described above have been received.

The Merger

The U.S. federal income tax consequences of the merger to U.S. holders of NYBOT membership interests are as follows:

Holders Who Receive Solely ICE Common Stock. A holder of a NYBOT membership interest will not recognize gain or loss upon receipt of ICE common stock solely in exchange for the holder's NYBOT membership interest, except with respect to cash received in lieu of fractional shares of ICE common stock (as discussed below). The aggregate tax basis of the shares of ICE common stock received (including any fractional shares deemed received and exchanged for cash) will be equal to the holder's allocable tax basis in NYBOT's membership interest exchanged therefor. For purposes of this discussion, the term "allocable tax basis" shall be equal to a holder's tax basis in a NYBOT membership interest excluding the portion of the tax basis in the NYBOT membership interest allocable to the trading rights associated with such NYBOT membership interest. The holding period of ICE's common stock received (including any fractional shares deemed received and exchanged for cash) will include the holding period of NYBOT membership interest exchanged. Because ICE

will pay the excess working capital, if any, in cash (unless it is necessary for ICE to pay the excess working capital in shares of ICE common stock in order for the merger to be treated as a tax-free reorganization) it is possible that there will not be any holders of a NYBOT membership interest who will receive solely ICE common stock in exchange for the holder's NYBOT membership interest.

Holders Who Receive Solely Cash. A holder who exchanges a NYBOT membership interest solely for cash generally will recognize gain or loss in an amount equal to the difference between the amount of cash received and the holder's allocable tax basis in the NYBOT membership interest exchanged. The gain or loss recognized will be long-term capital gain or loss if, as of the effective date of the merger, the holder's holding period for the NYBOT membership interest exchanged exceeds one year. The deductibility of capital losses is subject to limitations. In some cases, if a holder actually or constructively owns ICE common stock after the merger, the cash received could be treated as having the effect of the distribution of a dividend under the tests set forth in Section 302 of the Internal Revenue Code, in which case the holder may have dividend income up to the amount of the cash received. In such cases, holders that are corporations should consult their tax advisors regarding the potential applicability of the "extraordinary dividend" provisions of the Internal Revenue Code.

Holders Who Receive a Combination of ICE Common Stock and Cash. The U.S. federal income tax consequences to holders who receive a combination of ICE common stock and cash generally will be as follows. If a holder's allocable tax basis in the NYBOT membership surrendered is less than the sum of the fair market value, as of the closing date of the merger, of the ICE common stock and the amount of cash received by the holder, then the holder will recognize gain in an amount equal to the lesser of (1) the sum of the amount of cash and the fair market value of the ICE common stock received, minus the allocable tax basis of the NYBOT membership interest surrendered in exchange therefor, and (2) the amount of cash received by the holder in the merger. However, if a holder's allocable tax basis in the NYBOT membership interest surrendered is greater than the sum of the amount of cash and the fair market value of the ICE common stock received, the holder's loss will

Table of Contents

not be currently allowed or recognized for U.S. federal income tax purposes. If a holder acquired different NYBOT membership interests at different times or different prices, the holder should consult the holder's tax advisor regarding the manner in which gain or loss should be determined. Any recognized gain generally will be long-term capital gain if, as of the effective date of the NYBOT merger, the holder's holding period with respect to the NYBOT membership interest surrendered exceeds one year. In some cases, if the holder actually or constructively owns ICE common stock, other than ICE common stock received in the merger, the recognized gain could be treated as having the effect of the distribution of a dividend under the tests set forth in Section 302 of the Internal Revenue Code, in which case such gain would be treated as dividend income. In such cases, holders that are corporations should consult their tax advisors regarding the potential applicability of the extraordinary dividend provisions of the Internal Revenue Code. The aggregate tax basis of the ICE common stock received (including any fractional shares deemed received and exchanged for cash) by a holder that exchanges its NYBOT membership interest for a combination of ICE common stock and cash will be equal to the aggregate allocable tax basis of the NYBOT membership interest surrendered, reduced by the amount of cash received by the holder (excluding any cash received instead of fractional shares of ICE common stock) and increased by the amount of gain, if any, recognized by the holder (excluding any gain recognized with respect to cash received in lieu of fractional shares of ICE common stock) on the exchange. The holding period of the ICE common stock received (including any fractional shares deemed received and exchanged for cash) will include the holding period of the NYBOT membership interest surrendered.

Trading Rights

The U.S. federal income tax consequences of the merger to U.S. holders of NYBOT membership interests and U.S. holders of NYBOT trading permits are as follows:

No gain or loss will be recognized by the NYBOT members with respect to their trading rights, or the holders of NYBOT trading permits, when such trading rights and trading permits become the right to trade on the surviving corporation's exchange. The basis of the surviving corporation trading rights received in the merger will be the same as the portion of such NYBOT member's tax basis in the NYBOT membership interest allocable to the trading rights, immediately before the merger. The basis of the surviving corporation trading permits received in the merger will be the same as such holder's basis in the NYBOT trading permits exchanged therefor immediately before the merger. Provided any NYBOT member's trading right or any trading permit is held as a capital asset at the time of the merger, the holding period of the surviving corporation trading right or trading permit received in exchange therefor will include the holding period of such NYBOT member's trading right or such holder's trading permit, as the case may be.

Cash in Lieu of Fractional Shares

A holder who receives cash in lieu of a fractional share of ICE common stock in the merger generally will be treated as having received such fractional share in the merger and then as having received cash in exchange for such fractional share. Gain or loss generally will be recognized by such holder based on the difference between the amount of cash received in lieu of the fractional share and the tax basis allocated to such fractional share of ICE common stock. Such holder generally will recognize capital gain to the extent of the cash received. Gain or loss recognized with respect to cash received in lieu of fractional shares of ICE common stock generally will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for the membership interests exchanged therefor is greater than one year.

Backup Withholding and Information Reporting

Payments of cash made in connection with the merger may, under certain circumstances, be subject to information reporting and backup withholding at a rate of 28%, unless such NYBOT member receiving cash provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from

Table of Contents

payments to a NYBOT member under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the NYBOT member's federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

Regulatory Approvals

NYBOT Regulatory Approvals

NYBOT has been designated by the CFTC as a contract market under the CEA with respect to each of the futures contracts and options traded on NYBOT. The completion of the transaction is subject to receipt of any necessary CFTC approval. NYBOT and the surviving corporation will seek CFTC approval to transfer each of NYBOT's contract market designations to the surviving corporation. The surviving corporation will adopt the current NYBOT rules as its rules, with such changes as are necessary to reflect the terms of the merger agreement and the proposed bylaws of the surviving corporation and such other changes as may be agreed to by NYBOT and ICE or required by the CFTC. All such rule changes will be filed with the CFTC for approval along with the proposed bylaws of the surviving corporation in connection with the request to transfer NYBOT's contract market designations.

Restrictions on Sales of Shares by Affiliates of NYBOT

The shares of ICE common stock to be issued in connection with the merger will be registered under the Securities Act, and will be freely transferable under the Securities Act, except for shares of ICE common stock issued to any person who is deemed to be an affiliate of NYBOT at the time of the applicable special meeting. Persons who may be deemed to be affiliates include individuals or entities that control, are controlled by, or are under common control with NYBOT, and may include NYBOT executive officers and governors. Affiliates may not sell their shares of ICE common stock acquired in connection with the merger except pursuant to:

an effective registration statement under the Securities Act covering the resale of those shares;

an exemption under paragraph (d) of Rule 145 under the Securities Act; or

any other applicable exemption under the Securities Act.

NYBOT expects that each of its affiliates will agree with ICE that the affiliate will not transfer any shares of stock received in the merger, except in compliance with the Securities Act. Resales of ICE common stock by affiliates of NYBOT are not being registered pursuant to the registration statement of which this document forms a part.

Stock Exchange Listing and Stock and Membership Interest Prices

NYBOT membership interests are not traded or quoted on a stock exchange or quotation system.

Shares of ICE common stock are listed on the NYSE under the symbol ICE.

The following table sets forth, for the periods indicated, the high and low sale prices of NYBOT membership interests as recorded in NYBOT's records, as well as the high and low sale prices of a share of ICE common stock (as reported on the NYSE).

ICE common stock has been publicly traded since November 16, 2005 following its initial public offering. Prior to that date, there was no public market in the stock.

As of November 14, 2006, there were 71 record holders of ICE's common stock and no holders of record of ICE's Class A common stock. No dividends have ever been paid on ICE's common stock. On November 15, 2006, ICE's common stock traded at a high of \$97.30 per share and a low of \$93.28 per share.

Table of Contents

The following table sets forth, for the periods indicated, the high and low sale prices of ICE common stock as reported on the NYSE and the high and low sale prices of NYBOT membership interests as recorded in NYBOT's records.

Calendar Quarter	ICE Common		NYBOT Membership Interest	
	Stock Price		High	Low
	High	Low		
2004				
Second Quarter			\$ 210,000(1)	\$ 205,000(1)
Third Quarter			\$ 245,000	\$ 202,000
Fourth Quarter			\$ 307,000	\$ 235,000
2005				
First Quarter			\$ 350,000	\$ 250,000
Second Quarter			\$ 350,000	\$ 250,000
Third Quarter			\$ 395,000	\$ 325,000
Fourth Quarter	\$ 44.21(2)	\$ 31.27(2)	\$ 490,000	\$ 325,000
2006				
First Quarter	73.59	36.00	\$ 735,000	\$ 495,000
Second Quarter	82.40	45.27	\$ 875,000	\$ 760,000
Third Quarter	77.92	51.77	\$ 1,000,000	\$ 675,000
Fourth Quarter (through November 15, 2006)	97.56	72.15	\$ 1,100,000	\$ 950,000

- (1) Second quarter figures are given for the period from June 10, 2004 (the date NYBOT was formed upon the merger of two predecessor companies) to June 30, 2004.
- (2) Fourth quarter figures are given for the period from November 16, 2005 (the date on which ICE's common stock commenced trading on the New York Stock Exchange) to December 31, 2005.

Appraisal Rights of Dissenting Members

Under the New York Not-for-Profit Corporation Law, NYBOT members are not entitled to any appraisal rights in connection with the merger.

Effect of the Merger on NYBOT Members

This section describes the differences between the rights of holders of NYBOT membership interests relating to certain trading rights with respect to commodity contracts traded on NYBOT prior to the merger and the trading rights on the exchange of the surviving corporation to be received in the merger. The differences primarily arise because (i) NYBOT is a New York not-for-profit corporation, whereas the surviving corporation is a Delaware for-profit corporation, and (ii) there are differences between the governing documents of NYBOT and the governing documents of the surviving corporation. For a discussion of the differences between the rights of NYBOT members and ICE stockholders with respect to their equity ownership in either NYBOT or ICE, see "Comparison of Rights Prior to and After the Merger."

This section does not include a complete description of all differences in rights held by NYBOT members prior to and after the merger, nor does it include a complete description of NYBOT members' specific trading rights. Furthermore, the classification of some of these differences in rights in this section is not intended to indicate that other differences, that may be equally important, do not exist. All NYBOT members are urged to read carefully the relevant provisions of the bylaws and rules of NYBOT and the certificate of incorporation and bylaws of the surviving corporation (which are included as Annexes B and C to this document). Copies of the bylaws and rules of NYBOT are available on its website, and copies of amendments to those rules that will be incorporated in the rules of the surviving corporation are available to NYBOT members upon request.

Table of Contents

NYBOT (Before Merger)

Surviving Corporation (After Merger)

Authorized Equity Interests

The bylaws of NYBOT authorize the issuance of up to 977 membership interests.

There will be no equity membership interests. The surviving corporation will be authorized to issue shares of common stock, and ICE will own all such shares.

A NYBOT member may lease his or her membership interest upon approval by the board of governors of NYBOT. During the term of the lease, the lessee may use the leased membership interest for the limited purpose of trading in contracts that the lessor is entitled to trade with his or her membership interest. The lessor shall continue to exercise voting rights and receive any distribution of assets of NYBOT in the event of any liquidation, dissolution or winding up of the affairs of NYBOT during the term of the lease.

Annual Meeting of Members/Stockholder

A meeting of NYBOT members is held annually on the third Wednesday in June (or such other day as the board of governors shall prescribe). If the annual meeting of NYBOT members is not held on the date designated therefor, the board shall cause the meeting to be held as soon thereafter as convenient.

Former NYBOT members holding trading rights in the surviving corporation will have no meeting rights.

The surviving corporation will not be required to hold meetings for individuals or entities holding trading rights.

Voting Rights General

Every NYBOT member is entitled to vote on matters requiring the vote of NYBOT members; provided, however, that no NYBOT member may cast more than one vote, irrespective of the number of NYBOT membership interests that he or she may hold.

Former NYBOT members holding trading rights in the surviving corporation will have no voting rights with respect to the surviving corporation. ICE, as the owner of all issued outstanding shares of common stock of the surviving corporation, will have the sole right to vote on all matters upon which the stockholders of the surviving corporation will be entitled to vote generally.

Trading Rights

A NYBOT membership interest carries with it the trading right that entitles its holder to trade on the floor or to lease the right to trade to a third party, subject to approval of the board of governors.

Upon the merger, the surviving corporation will issue to each former NYBOT member a trading right that will entitle the former NYBOT member to trade on the surviving corporation's exchange all of the products that were traded on NYBOT immediately prior to the merger, so long as such products continue to be traded on the surviving corporation's exchange and so long as the former NYBOT member owns at least 3,162 shares of ICE common stock (as adjusted for reclassifications, stock splits, stock dividends or distributions, recapitalizations or similar transactions). The holders of the trading right will

Table of Contents

NYBOT (Before Merger)

Surviving Corporation (After Merger)

have the right to lease each trading right to a third party, subject to approval of the board of directors of the surviving corporation.

The surviving corporation may issue new trading rights in such numbers and for such consideration as the board of directors of the surviving corporation may from time to time determine; provided, that any new trading right may not include the right to execute transactions on the surviving corporation's open-outcry trading floor.

Board of Governors/Directors

The board of governors consists of twenty-five voting governors:

five of whom are required to be NYBOT members principally engaged in the purchase and sale of commodity contracts on the exchange floor,

five of whom are required to be NYBOT members identified with the coffee, sugar, cocoa, cotton or orange juice trade (provided that each such trade shall have at least one such representative),

one of whom is required to be a NYBOT member identified with any trade associated with any commodity contract,

four of whom are required to be NYBOT members and an executive officer, director, partner or member of a member firm that is a futures commission merchant, or FCM,

two of whom are required to be a NYBOT member and an executive officer, director, partner or member of a member firm that is not an FCM but is principally engaged in the business of purchasing and selling commodity contracts on the exchange floor,

Until the second anniversary of the completion of the merger, the surviving corporation's board of directors will be comprised of nine directors, including:

the chief executive officer and the chief financial officer of ICE, the chief executive officer of the surviving corporation (who will be designated by ICE),

two members of the current NYBOT board of governors who are designated by ICE (who will also serve on ICE's board of directors), and

four directors who qualify as public directors as described in The Bylaws and who, to the extent possible, will be selected from the public directors currently serving on NYBOT's board of governors.

Until the fourth anniversary of the completion of the merger, the surviving corporation's board will include at least four public directors.

Each of the two directors who are members of the current NYBOT board of governors shall hold office for two year terms. The four directors who qualify as public directors shall hold office for four

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five of whom may not be NYBOT members and are required to be designated as public governors, and

three of whom are required to be NYBOT members and are required to have been elected as chairman of the board, vice chairman of the board and treasurer, and one non-voting governor who is required be the president of the exchange.

consecutive one year terms subject to removal as described in The Bylaws.

Each director holds office until the next election, and until his or her successor is elected and qualified or until his or her resignation or removal. See The Bylaws.

Former NYBOT members holding trading rights in the surviving corporation will have no right to elect

Table of Contents

NYBOT (Before Merger)

With the exception of the public governors, who are elected by the board of governors, and the president, all governors are elected by the NYBOT members.

Governors serve for a term of two years or, in the case of a governor appointed to fill a vacancy on the board, until the next annual meeting, whereby NYBOT members elect a governor to serve the balance of the term of the governor who vacated the office, if the term did not already expire.

Board Vacancies

Vacancies occurring on the board of governors for any reason are filled by the remaining voting governors. All vacancies are filled by another person from the same category as the governor whose resignation or removal created the vacancy. A governor so appointed by the board of governors to fill a vacancy holds office until the next annual meeting of NYBOT members. A public governor appointed to fill a vacancy holds office until the time at which the term of the governor who vacated the office would have expired, and until his successor is elected and qualified.

Surviving Corporation (After Merger)

or otherwise select the directors of the surviving corporation.

Any vacancies on the board of directors of the surviving corporation shall be filled by a majority of the directors then in office, even if less than a quorum, or by the sole remaining director. However, until the four-year anniversary of the completion of the merger (with respect to public directors) and the two-year anniversary of the completion of the merger (with respect to the two NYBOT designees), any vacancy in any public director position shall be filled by an individual appointed by the remaining public directors, subject to the approval of ICE. Any vacancy in the two NYBOT designee positions shall be filled by the other NYBOT designee, if applicable, and by the remaining directors if there is no remaining NYBOT designee. Any director elected or appointed to fill a vacancy or a newly created directorship shall hold office until the next election and until his or her successor is duly elected and qualified, or until his or her earlier resignation or removal.

Amendments to Certificate of Incorporation

Pursuant to the New York Not-For-Profit Corporation Law, the board of governors and the members of NYBOT must approve any amendment to NYBOT's certificate of incorporation.

Former NYBOT members holding trading rights in the surviving corporation shall have no right to approve amendments to the certificate of incorporation of the surviving corporation. Amendments to the certificate of incorporation of the surviving corporation must be adopted by the board of directors of the surviving corporation and submitted to ICE for approval as the sole stockholder.

Table of Contents

NYBOT (Before Merger)

Surviving Corporation (After Merger)

Amendments to Bylaws/Rules

The bylaws and rules cannot be altered or amended until the proposed alteration or amendment is (a) approved by a vote of two-thirds of the voting governors present and (b) in the case of the bylaws, ratified by a majority vote of the members, voting by ballot, at a meeting held for that purpose.

The rules affecting certain commodities may not be amended without the approval of the contract specification committee for the affected commodity contract.

The board of directors of the surviving corporation will have the authority to amend the bylaws and the rules of the surviving corporation, except that amendments that would materially and adversely affect certain core rights shall require, until July 1, 2013, approval by (i) a vote of at least two-thirds of the entire board of directors and (ii) a vote of at least the number of public directors that is one less than the total number of public directors eligible to vote on a matter, but in all cases, at least one public director (a supermajority vote of the public directors). Core rights include the provisions of the bylaws of the surviving corporation relating to:

the eligibility standards and criteria for becoming a trading member, permit holder or lessee;

the financial requirements applicable to a trading member, permit holder, lessee and member firm;

the trading privileges authorized to each category of permit holder and to trading members;

the sale and transferability of rights applicable to trading memberships and trading permits, and the leasing of rights applicable to trading memberships;

the requirements applicable to obtaining open-outcry exchange floor trading privileges by trading members and permit holders;

provisions of NYBOT's rules governing the mode of executing transactions by open-outcry on the trading floor;

the eligibility requirements applicable to remaining a clearing member, to the extent that such person was a clearing member prior

to the completion of the merger;

the rights and obligations of clearing members that act as guarantors of floor brokers, to the extent that clearing member so acted prior to the completion of the merger;

composition of the board of directors of the surviving corporation, including designation of NYBOT's governors to be members of the

Table of Contents

NYBOT (Before Merger)

Surviving Corporation (After Merger)

board of directors of the surviving corporation and ICE;

limitations on electronic trading of core products;

maintenance of a disaster recovery site (for as long as it is required by the bylaws);

dedicating financial and technical resources to support and maintain open-outcry trading (for as long as it is required by the bylaws);

transaction fees and discounts;

clearing member eligibility requirements; and

trade committee composition and control over the terms and conditions of contracts for core products.

Core rights only apply to core products, and only to the extent the amendment would materially and adversely affect the rights of trading members, permit holders, member firms, lessees or existing clearing members or otherwise would materially and adversely affect the core rights described above. Core products refers to futures and options on the following contracts: Coffee C, Cocoa, Cotton No. 2, Sugar No. 11, Frozen Concentrated Orange Juice, Not-From-Concentrate Orange Juice and Sugar No. 14.

Transaction Fees

The board of governors of NYBOT has the authority to establish fees and charges for commodity contracts purchased and sold on NYBOT's exchange.

The board of directors of the surviving corporation may adopt resolutions that impose fees and charges for each commodity contract purchased and sold on the surviving corporation's exchange. In fixing the amount of such fees and charges, the board

of directors may establish different rates for transactions in different commodities contracts, or for different types of transactions involving the same commodity or the same commodity contract. The surviving corporation will be required to charge at least \$1 more for electronic trades of physical delivery core products that were listed on NYBOT's exchange at the time of completion of the merger, except in the case of fees related to *bona fide* market-making programs, and provided that the surviving

Table of Contents

NYBOT (Before Merger)

Surviving Corporation (After Merger)

corporation may eliminate the surcharge in the event that:

certain competing exchanges, or any of their respective affiliates, introduce a physical delivery contract after September 14, 2006 that (i) has the same contract terms as a core product or (ii) has the same contract terms as a core product except that it is cash-settled (in each case, other than any immaterially different terms); or

the board of directors of ICE requests that the public directors of the surviving corporation determine whether the introduction of a physical delivery contract by a competing exchange is a competitive contract with respect to a core product and the public directors, by a supermajority vote of the public directors, determine that such contract is a competitive contract.

In no event will the electronic trading fee for any core product be lower than the open-outcry trading fee for such product (except in connection with bona fide market making programs).

The term competitive contract refers to any contract listed by a competing exchange after September 14, 2006 that (i) has the same contract terms as a core product (other than any immaterially different terms) or (ii) has the same contract terms as a core product except that it is cash-settled (other than any immaterially different terms); and that, in either case, the failure of the surviving corporation to address and compete with such contract may be expected to give rise to a bona fide risk of a loss of market share by the surviving corporation's exchange for such core product.

The surviving corporation is required to offer a 20% discount for proprietary trading by NYBOT members and member firms existing at the time the merger agreement was executed for transactions in contracts traded on NYBOT's exchange at the time of the signing of the merger agreement (other than for prices charged with respect to bona fide market

Table of Contents

NYBOT (Before Merger)

Surviving Corporation (After Merger)

making programs) for so long as such contracts continue to be traded on the surviving corporation's exchange.

NYBOT members and NYBOT permit holders at the time of the completion of the merger will also be entitled to pay the lowest fees payable to the surviving corporation for electronic transactions in contracts traded on NYBOT's exchange at the time of the signing of the merger agreement (other than fees related to bona fide market making programs) for so long as such contracts continue to be traded on the surviving corporation's exchange. Subject to certain exceptions, the right to receive the discount for electronic trading and most favored nation pricing will terminate upon the transfer by the former NYBOT member of his or her trading rights in the surviving corporation.

Side-by-Side Electronic Trading

NYBOT's board of governors may implement side-by-side electronic trading with respect to any commodity contract.

Upon the merger, the chief executive officer of the surviving corporation will have authority to implement side-by-side electronic trading (including after-hours electronic trading) with respect to any commodity contract except for any cash settled commodity contract that has the same terms as core products.

The surviving corporation will, at the request of ICE, implement side-by-side electronic trading of a cash-settled commodity contract that has the same terms as core products if:

certain competing exchanges, or any of their respective affiliates, introduce a cash-settled contract that has the same contract terms as a core product except that it is cash-settled (other than immaterially different terms); or

the board of directors of ICE requests that the public directors determine whether the introduction of a cash-settled contract by another exchange is a competitive contract with respect to a core product and the public directors, by a

Table of Contents

NYBOT (Before Merger)

Surviving Corporation (After Merger)

supermajority vote of the public directors, determine that such contract is a competitive contract.

Termination of Open-Outcry Trading

NYBOT's board of governors may terminate open-outcry trading of any futures contracts traded on NYBOT's exchange.

The surviving corporation may terminate open-outcry trading of any futures contracts that are not core products by majority vote of the surviving corporation's board of directors. However, the surviving corporation will be restricted from terminating open-outcry trading of core products, unless:

the surviving corporation's lease with respect to the surviving corporation's trading floor located at the World Financial Center expires or is terminated (other than as a result of a breach by the surviving corporation or a voluntary termination by the surviving corporation);

until July 1, 2013, the public directors, by a supermajority vote of the public directors, recommend and two-thirds of the entire board of directors of the surviving corporation approves such termination; or

certain liquidity events occur.

A liquidity event means, generally, (i) with respect to a contract in a particular core product, the failure of the average daily open-outcry volume in futures (ADV) measured on a rolling 90-day basis, to equal at least 50% of the ADV in such contract for the comparable 90-day period in calendar year 2005; and (ii) with respect to all core products, in the aggregate, the failure to maintain open-outcry ADV, measured on the foregoing basis, equal to 50% of the aggregate ADV in calendar year 2005 for all core products.

Open-outcry trading of an option may terminate upon termination of open-outcry trading in the corresponding futures contract.

For so long as open-outcry trading of futures contracts that are core products has not been terminated pursuant to the preceding paragraph, the surviving corporation is required to:

maintain a disaster recovery site, which is comparable to NYBOT's recovery site at the time

Table of Contents

NYBOT (Before Merger)

Surviving Corporation (After Merger)

of the completion of the merger, in order to sustain open-outcry trading in the event the surviving corporation's trading floor is not available for trading; and

dedicate sufficient financial and technological resources appropriate to support and maintain trading on an open-outcry trading floor consistent with prevailing industry practices.

Trade Committees

Under NYBOT's bylaws and rules, no rule may be adopted, amended, repealed or modified that affects the terms and conditions of contracts on cocoa, coffee, cotton, frozen concentrate orange juice, sugar, index contracts or financial contracts or any other commodity underlying a NYBOT contract without the approval of the corresponding trade committee and the approval of NYBOT's board of governors.

The surviving corporation will be required to maintain a trade committee for each of the core products. The surviving corporation may not alter any term or condition of any commodity contract involving a core product without the approval of a majority of the members of the applicable trade committee.

Until the two-year anniversary of the completion of the merger, each trade committee will consist of (i) nine members selected by ICE who are actively engaged or employed by a firm that is actively engaged in the core product industry for the relevant trade committee; (ii) three floor brokers of the surviving corporation's exchange in the core product for the relevant trade committee; (iii) two trading rights members of the surviving corporation who are affiliated persons of futures commissions merchants; and (iv) one trading rights member of the surviving corporation representing an asset management firm advising investment funds or separate accounts that trade in the relevant core product or proprietary trading desk of an investment bank. All trade committees must be composed of at least two-thirds of trading members of the surviving corporation or individuals associated with a firm that was a member firm of NYBOT on the date of the merger agreement, except that the orange juice committee must be composed of at least half trading rights members of the surviving corporation or individuals associated with a firm that was a member firm of NYBOT on the date of the merger agreement.

Legal Proceedings Relating to the Merger

None.

Table of Contents

THE MERGER AGREEMENT

This section of the prospectus/proxy statement describes the material terms of the merger agreement, as amended. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, as amended, which is incorporated by reference and attached as Annex A to this prospectus/proxy statement. ICE and NYBOT urge you to read the full text of the merger agreement, as amended.

On September 14, 2006, ICE, NYBOT and merger sub entered in a merger agreement. On October 30, 2006, ICE, NYBOT and merger sub entered into the First Amendment to the merger agreement. Pursuant to the merger agreement, as so amended, NYBOT agreed to merge with and into merger sub, with merger sub surviving the merger as a wholly-owned subsidiary of ICE (the surviving corporation). Wherever we refer to the merger agreement in this prospectus/proxy statement, we mean to refer to the merger agreement, as so amended.

Merger Consideration To Be Received by NYBOT Members

Amount and Form of Merger Consideration

In the merger, each outstanding NYBOT membership interest will be converted into either (1) cash equal to \$1,074,719, (2) 17,025 shares of ICE common stock, subject to proration as described in Proration and Allocation Procedure, or (3) a combination of cash consideration and stock consideration as described in Cash Election and Stock Election, (the merger consideration). Additionally, each outstanding NYBOT membership interest will be converted into the right to receive a pro rata share of any bonus pool amounts not paid to NYBOT officers and governors as described in Bonus Pool and a pro rata share of NYBOT's excess working capital as of the effective time of the merger, if any, as described in Excess Working Capital.

The maximum amount of cash payable by ICE as merger consideration (excluding the excess working capital) and including any cash payable in respect of the bonus pool is approximately \$400,000,000. ICE will pay the remainder of the merger consideration (excluding the excess working capital) and bonus pool in shares of ICE common stock. ICE will pay the excess working capital, if any, in cash, unless it is necessary for ICE to pay the excess working capital in shares of ICE common stock in order for the merger to be treated as a tax-free reorganization.

In addition to the merger consideration, (1) each NYBOT member will receive in respect of each outstanding membership interest a right to trade any and all products on the surviving corporation's exchange, so long as the member retains 3,162 shares of ICE common stock in respect of each former membership interest, and (2) each holder of a NYBOT trading permit will receive a right to trade any and all products that were the subject of the relevant trading permit prior to the merger on the surviving corporation's exchange. The trading rights of NYBOT members and NYBOT permit holders after the completion of the merger are further described in The Bylaws. These trading rights are subject to modification and termination by the board of directors of the surviving corporation following the completion of the merger as described in The Bylaws Amendment of Bylaws.

Cash Election and Stock Election

A NYBOT member making either a stock election, cash election or no election may only do so with respect to a whole membership interest or a percentage of a membership interest representing at least 10%, or any whole multiple of 10%, of any membership interest. Any reference herein to the election for a NYBOT membership interest will also refer to any portion of a NYBOT membership interest for which an election has been made.

Cash Election. NYBOT members will be provided the opportunity to elect to receive the maximum cash available for their NYBOT membership interests. We refer to this election as the cash election. NYBOT members who make the cash election will, subject to proration and the allocation procedures described under

Table of Contents

Proration and Allocation Procedure, receive for each of their NYBOT membership interests an amount of cash equal to \$1,074,719. We refer to the consideration received in the cash election as the cash consideration and the membership interests for which a NYBOT member has made the cash election as cash election membership interests.

Stock Election. NYBOT members may instead elect to receive the maximum shares of ICE common stock available for their NYBOT membership interests. We refer to this election as the stock election. NYBOT members who make the stock election will, subject to proration and the allocation procedures described under Proration and Allocation Procedure, receive for each of their NYBOT membership interests a number of shares of ICE common stock equal to 17,025 shares. We refer to the consideration received in the stock election as the stock consideration and the membership interests for which a NYBOT member has made the stock election as stock election membership interests.

No Election. Any NYBOT member who fails to make any election, or fails to submit a valid election form prior to the election deadline described under Election Mechanics, will receive the form of consideration determined according to the proration and allocation procedures described under Proration and Allocation Procedure. We refer to these membership interests for which a NYBOT member has made no election as no election membership interests. In the case where the aggregate elections made by NYBOT members would require payment of cash to NYBOT members in an amount equal to (or nearly equal to) or more than \$400,000,000 (not including payments in respect of NYBOT's excess working capital), each no election membership interest will receive a number of shares of ICE common stock equal to 17,025 shares. In the case where the aggregate elections made by NYBOT members would require payment of cash to NYBOT members in an amount less than \$400,000,000 (not including payments in respect of NYBOT's excess working capital), each no election membership interest will receive (1) an amount of cash on a pro rata basis sufficient to ensure that the aggregate cash consideration to be paid in the merger is equal to \$400,000,000 and (2) shares of ICE common stock for any portion of such membership interest that did not receive cash pursuant to proration.

Tax Consequences of the Elections. For a discussion of the tax consequences of the elections, see The Merger Material United States Federal Income Tax Consequences.

***No Recommendation Regarding Elections.* Neither NYBOT nor ICE is making any recommendation as to whether NYBOT members should make the cash election or the stock election. You must make your own decision with respect to these elections and we encourage you to seek the advice of your own attorneys or accountants.**

Conversion of NYBOT Membership Interests into Merger Consideration

The conversion of NYBOT membership interests into the applicable merger consideration will occur automatically at the effective time of the merger. However, to receive this merger consideration, NYBOT member must properly complete the transmittal materials to be provided by the exchange agent to the holders of NYBOT membership interests and send such transmittal materials to Computershare Shareholder Services, Inc., which will serve as the exchange agent.

The letter of transmittal contains representations and warranties on the part of the NYBOT member, including representations and warranties to the effect that the NYBOT member is, and will be as of the completion of the merger, the record holder of the NYBOT membership interest, with good title to that NYBOT membership interest and full power and authority to sell, assign and transfer that NYBOT membership interest free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims. After the exchange agent receives a properly completed election form from the NYBOT member, and the merger is completed, the exchange agent will send the NYBOT member his or her merger consideration (other than the member's pro rata share of the excess working capital, if any, which the exchange agent will distribute separately

Table of Contents

as described in Excess Working Capital.) If the letter of transmittal is properly completed, the record holder has the right to designate in the letter of transmittal that a person other than the record holder will receive the merger consideration in respect of such holder's Membership Interest, as more fully explained in the letter of transmittal. Merger consideration paid with respect to a membership interest which is treated as an asset of a member firm pursuant to the terms of a NYBOT A-B-C Agreement may be paid directly to such firm pursuant to instructions contained in the election form.

Election Mechanics

Election Form. The election form will be sent to NYBOT members in a separate mailing subsequent to the mailing of this prospectus/proxy statement. Each NYBOT member will use the election form to make the cash election or stock election for his or her NYBOT membership interest or membership interests. To make the stock election or the cash election, NYBOT members must properly complete and sign an election form as specified in the instructions to the election form, and the properly completed and executed election form must be received by the exchange agent at or prior to the election deadline. If the election form and letter of transmittal are properly completed, the record holder has the right to designate in the election form that a person other than the record holder will receive the merger consideration in respect of a NYBOT membership interest, as more fully explained in the letter of transmittal.

Election Deadline. The election deadline for making the stock election or the cash election will be indicated in the separate mailing of the election form and is expected to be 5:00 p.m., New York City time, on a business day that is at least five business days prior to the completion of the merger.

Election Revocation and Changes. Generally, an election may be revoked or changed with respect to a NYBOT membership interest by a NYBOT member who submitted the applicable form of election, but only by written notice received by the exchange agent prior to the election deadline. NYBOT members may not revoke or change their elections following the election deadline.

NYBOT membership interests as to which a NYBOT member has not made a valid election prior to the election deadline, including as a result of revocation, will be deemed to be no election membership interests.

The exchange agent will have reasonable discretion to determine whether any election, revocation or change to an election form has been properly or timely made and to disregard immaterial defects in the election forms. If the exchange agent determines that any purported election was not properly made, such election will be deemed to be of no force or effect, and a NYBOT membership interest subject to the purported election will be considered a no election membership interest, unless a proper election is subsequently made on a timely basis. NYBOT membership interests as to which a NYBOT member has made no election to receive cash or stock consideration in the merger, as to which elections are not received by the exchange agent by the election deadline, or as to which election forms are improperly completed or are not signed, will be considered no election membership interests.

Election forms will be available to any person who becomes a NYBOT member between the close of business on the fifth business day prior to the date on which the election form is mailed to NYBOT members and the close of business on the business day prior to the election deadline, upon such NYBOT member's reasonable request.

Proration and Allocation Procedure

The cash election and the stock election are subject to proration and allocation adjustments that will ensure that, in the aggregate, the amount of cash issued in the merger will amount to \$400,000,000 (plus NYBOT's excess working capital as of the effective time of the merger). Accordingly, regardless of the number of cash elections or stock elections made by NYBOT members, the aggregate amount of cash that will be issued to

Table of Contents

NYBOT members pursuant to the merger will be \$400,000,000 (plus NYBOT's excess working capital as of the effective time of the merger).

Oversubscription of the Cash Election. The cash election will be oversubscribed if the aggregate elections made by NYBOT members would require payment of more than \$400,000,000 of cash to NYBOT members (not including payments in respect of NYBOT's excess working capital). In case of a cash oversubscription, the cash consideration will be adjusted so that the amount of cash issued to NYBOT members making the cash election is decreased to approximately \$400,000,000, and a number of shares of ICE common stock will be issued to those NYBOT members in the place of such deficiency. Specifically, in this scenario:

all membership interests for which a stock election has been made or for which there has been no election will receive only the stock consideration;

the exchange agent will determine, pro rata from among the membership interests for which a cash election has been made, a sufficient percentage of such membership interests to receive stock consideration so that the aggregate cash consideration to be paid in the merger (not including payments in respect of NYBOT's excess working capital) is equal to approximately \$400,000,000; and

to the extent membership interests for which a cash election has been made do not receive stock consideration pursuant to proration, such membership interests will receive cash consideration.

The proration process to be used by the exchange agent will consist of such equitable proration processes as determined by ICE in accordance with the merger agreement.

Oversubscription of the Stock Election. The stock election will be oversubscribed if the aggregate elections made by NYBOT members would require payment of less than \$400,000,000 in cash (not including payments in respect of NYBOT's excess working capital). In case of a stock oversubscription, the stock consideration will be adjusted so that the number of shares of ICE common stock issued in respect of NYBOT membership interests is decreased, and an amount of cash will be issued in respect of NYBOT membership interests for which the stock election has been made in the place of such deficiency so that the total cash payment by ICE to NYBOT members (not including payments in respect of NYBOT's excess working capital) is approximately \$400,000,000. Specifically, in this scenario:

all membership interests for which a cash election has been made will be converted into the right to receive cash consideration;

the exchange agent will determine first, pro rata from among the membership interests for which there has been no election, and then (if necessary), pro rata from among the membership interests for which a stock election has been made, a sufficient percentage of membership interests for which no election or a stock election, as applicable, has been made to receive the cash consideration such that the aggregate cash consideration to be paid in the merger is equal to \$400,000,000; and

the membership interests for which a stock election has been made and the membership interests for which there has been no election that will not receive cash consideration pursuant to proration will be converted into the right to receive stock consideration.

Cash Subscriptions Sufficient. If the aggregate cash consideration that would be paid upon the conversion of the cash election membership interests (not including payments in respect of NYBOT's excess working capital) is equal or nearly equal to \$400,000,000, then all cash election membership interests will be converted into the right to receive cash consideration and all stock election membership interests and no election membership interests will be converted into the right to receive stock consideration.

Because of the proration and allocation procedures, NYBOT members cannot know for certain the amount of cash consideration or stock consideration they will receive at the time that the elections are required to be made. In addition, due to changes in the market price of ICE's common stock, the value of the cash consideration and stock consideration may differ from each other.

Table of Contents

Excess Working Capital

ICE and NYBOT have agreed that NYBOT and its subsidiaries, at the effective time of the merger, will have working capital of at least \$12,000,000. Within 30 days after the completion of the merger, ICE will prepare a calculation of the actual aggregate working capital of NYBOT and its subsidiaries, on a consolidated basis, as of the effective time of the merger. In making this calculation, ICE will apply the same principles, practices, methodologies and policies used in the preparation of a sample calculation that has been agreed upon by ICE and NYBOT.

The amount of excess working capital will be calculated by, first, subtracting NYBOT's current liabilities from its current assets. The resulting amount of net assets is referred to as NYBOT's working capital balance. After the working capital balance is calculated, certain additional adjustments will be made that will decrease the amount of excess working capital. These additional deductions include, among other things, the amount of NYBOT's unpaid merger-related expenses, new indebtedness incurred by NYBOT between September 14, 2006 and the completion of the merger, certain accruals not accounted for on NYBOT's closing balance sheet and certain other one-time payments.

Subject to the adjustments discussed above, to the extent NYBOT's and its subsidiaries' aggregate working capital balance at the effective time of the merger exceeds \$12,000,000, the amount of the excess will be paid to former NYBOT members pro rata in proportion to their membership interests in NYBOT at the effective time of the merger.

No Fractional Shares

No person will receive fractional shares of ICE common stock in the merger. Instead, the exchange agent will sell, on behalf of NYBOT members, the aggregate fractional shares that those holders would otherwise have received, and each NYBOT member that otherwise would have received a fraction of a share of ICE common stock will receive cash in an amount equal to the member's proportional interest in the net proceeds of the sale.

Dividends; Withholding

Dividends and Distributions with Respect to Unexchanged Membership Interests. Any dividend or other distribution declared after the completion of the merger with respect to shares of ICE common stock into which NYBOT membership interests are convertible will not be paid (but will nonetheless accrue) until those membership interests are properly surrendered for exchange. ICE will pay to NYBOT members any unpaid dividends or other distributions, without interest, only after they have duly surrendered their book-entry interests. After the completion of the merger, there will be no transfers on the member records of the surviving corporation of the membership interests that were outstanding immediately prior to the completion of the merger.

Withholding. The exchange agent will be entitled to deduct and withhold from the merger consideration payable to any NYBOT member the amounts it is required to deduct and withhold under the Internal Revenue Code or any provision of any state, local or foreign tax law. If the exchange agent withholds any amounts, these amounts will be treated for all purposes of the merger as having been paid to the members from whom they were withheld.

Post-Closing Transfer Restrictions

The shares of ICE common stock that you will receive in the merger will not be subject to transfer restrictions. However, under the bylaws of the surviving corporation that will be effective after the completion of the merger as described in The Bylaws, a former NYBOT member who holds trading rights in the surviving corporation will be required to hold 3,162 shares of ICE common stock (as adjusted for reclassifications, stock splits, stock dividends or distributions, recapitalizations or similar transactions) for each former NYBOT

Table of Contents

membership interest held by such former member in order to retain these trading rights. Additionally, in order to be eligible to be a clearing member of NYCC after the completion of the merger, a firm must hold at least 21,078 shares of ICE common stock (as adjusted for reclassifications, stock splits, stock dividends or distributions, recapitalizations or similar transactions).

Bonus Pool

Prior to the date on which the election forms are mailed to NYBOT members, NYBOT will deliver to ICE and the exchange agent an allocation schedule setting forth an allocation to certain governors and employees of NYBOT and its subsidiaries of up to an aggregate amount of \$10,747,183.66, payable in cash and/or shares of ICE common stock valued at \$63.127 per share (the bonus pool). If any of the bonus pool is not allocated to such governors and employees of NYBOT, the unallocated amount will be allocated to NYBOT members (the members allocation). The members allocation will be payable to the members in the relative proportions of cash and shares of ICE Common Stock (valued at \$63.127 per share) in which such members are entitled to receive the merger consideration. ICE will not be required to distribute the bonus pool to the extent such distribution is not fully deductible by ICE, NYBOT or the surviving corporation under Section 162(m) or Section 280G of the Internal Revenue Code, and any such bonus pool not so distributed shall be distributed to the members.

Conditions to the Completion of the Merger

Conditions to Each Party's Obligations. Neither NYBOT nor ICE is required to complete the merger unless each of the following conditions is satisfied or waived:

the merger agreement has been adopted by the affirmative vote of the holders of two-thirds of the votes cast by NYBOT members at a meeting where a quorum is present and the affirmative vote represents a quorum;

the shares of ICE common stock to be issued in the merger have been authorized for listing on the NYSE (or, if this listing is not approved or permitted, another national securities exchange), upon official notice of issuance;

the waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, has expired or been terminated;

all consents or approvals from governmental authorities required to be obtained in connection with the merger have been obtained;

no court or other governmental entity has enacted or issued any injunction, order, rule or law that restrains, enjoins or otherwise prohibits the completion of the merger or other transactions contemplated by the merger agreement and no governmental entity has instituted any proceeding seeking such an injunction, order, rule or law that, in each case, would result in or would be reasonably likely to result in a substantial detriment to ICE;

the registration statement of which this document forms a part has been declared effective by the SEC, and no stop order suspending the effectiveness of the registration statement shall have been initiated or threatened by the SEC;

the truth and accuracy of the representations and warranties of the other party, generally subject to any exceptions that, individually or in the aggregate, do not have, and would not reasonably be expected to have, a material adverse effect on the other party;

the other party's performance in all material respects of all of its obligations that are required by the merger agreement to be performed on or prior to the closing date; and

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all state securities and blue sky permits and approvals necessary to consummate the transactions contemplated by the merger agreement have been received.

Table of Contents

On November 1, 2006, the FTC granted early termination of the waiting period applicable to the merger under the HSR Act.

Additional ICE Closing Conditions. The obligation of ICE to complete the merger is also subject to the satisfaction or waiver of the following additional conditions:

the receipt of all requisite regulatory approvals without the imposition of any term, condition or consequence that, if accepted, would reasonably be expected to result in a substantial detriment to ICE; and

receipt by ICE of a private letter ruling from the Internal Revenue Service (or a copy of a private letter ruling issued by the Internal Revenue Service to NYBOT and reasonably acceptable to ICE) to the effect that the merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Additional NYBOT Closing Conditions. The obligation of NYBOT to complete the merger is also subject to the satisfaction or waiver of the following additional condition:

receipt by NYBOT of a private letter ruling from the Internal Revenue Service to the effect that (1) the merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and (2) NYBOT members and holders of NYBOT permits will not recognize a gain in connection with the merger other than with respect to any cash consideration they receive.

For purposes of the merger agreement, the term *material adverse effect* means, with respect to NYBOT, a material adverse effect on:

the business, results of operations or financial condition of (1) NYBOT and its subsidiaries, taken as a whole, or (2) NYCC; or

the ability of NYBOT to complete the merger prior to the termination date of the merger agreement.

The following, however, will not be considered in determining whether a material adverse effect with respect to NYBOT has occurred:

any change or development in economic, business or commodities exchange conditions generally to the extent that the change or development does not affect NYBOT and its subsidiaries, taken as a whole, or NYCC, separately, in a materially disproportionate manner relative to other commodities exchanges;

any change or development to the extent resulting from the execution or announcement of the merger agreement or the transactions contemplated by the merger agreement;

any change or development to the extent proximately resulting from any action or omission by NYBOT or any of its subsidiaries that is required by the merger agreement;

the announcement, commencement or continuation of war or armed hostilities or the occurrence of any act or acts of terrorism; or

any effect arising from or relating to any change in United States generally accepted accounting principles or any change in applicable laws, rules or regulations or the interpretation thereof.

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For purposes of the merger agreement, the term "material adverse effect" means, with respect to ICE, a material adverse effect on:

the business, results of operations or financial condition of ICE and its subsidiaries, taken as a whole; or

the ability of ICE to complete the merger prior to the termination date of the merger agreement.

Table of Contents

The following, however, shall not be considered in determining whether a material adverse effect with respect to ICE has occurred:

any change or development in economic, business or commodities market conditions generally to the extent that the change or development does not affect ICE and its subsidiaries, taken as a whole, in a materially disproportionate manner relative to other commodities exchanges or trading markets;

any change or development to the extent resulting from the execution or announcement of the merger agreement or the transactions contemplated by the merger agreement;

any change or development to the extent proximately resulting from any action or omission by ICE or any of its subsidiaries that is required by the merger agreement;

the announcement, commencement or continuation of war or armed hostilities or the occurrence of any act or acts of terrorism; or

any effect arising from or relating to any change in United States generally accepted accounting principles or any change in applicable laws, rules or regulations or the interpretation thereof.

For purposes of merger agreement, the term **substantial detriment** means, with respect to ICE, a material adverse effect on the business, results of operations or financial condition of ICE and its subsidiaries, taken as a whole, or on the surviving corporation and its subsidiaries, taken as a whole.

NYBOT may be required to re-solicit your vote in the event that a material condition to the merger is waived by one of us.

Reasonable Best Efforts to Obtain Required Approvals

NYBOT and ICE have agreed to cooperate with each other and use reasonable best efforts to take all actions necessary to complete the merger and the other transactions contemplated by the merger agreement, including taking such actions necessary to obtain any required consents from third parties and/or governmental entities or self-regulatory organizations. However, the merger agreement does not require ICE to agree to sell any assets, businesses, or interests in any assets or businesses of ICE or any of its affiliates or to consent to any sale, or agreement to sell, by NYBOT or any of its subsidiaries, of any of its assets or businesses, if such action would, individually or in the aggregate, reasonably be expected to result in a substantial detriment to ICE.

No Solicitation of Alternative Transactions

The merger agreement contains detailed provisions prohibiting NYBOT from seeking an alternative transaction to the merger. Under these **no solicitation** provisions, NYBOT has agreed not to:

initiate, solicit, knowingly encourage (including by way of furnishing information), facilitate or induce any inquires or the making, submission or announcement of an **acquisition proposal** (as described below);

hold any discussions with or provide any confidential information or data to any person or entity relating to an acquisition proposal, or engage in any negotiations concerning an acquisition proposal, or knowingly facilitate any effort or attempt to make or implement an acquisition proposal;

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approve or recommend, or propose publicly to approve or recommend, any acquisition proposal; or

approve or recommend, or propose to approve or recommend, or execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement related to any acquisition proposal or propose publicly or agree to do any of the foregoing.

Table of Contents

For purposes of the merger agreement, the term acquisition proposal means any offer or proposal for, or any indication of interest in (other than acquisitions permitted by the terms of the merger agreement):

any direct or indirect acquisition or purchase of NYBOT, NYCC or any NYBOT subsidiary that constitutes 10% or more of the consolidated gross revenue or consolidated gross assets of NYBOT and its subsidiaries, taken as a whole. We will refer to NYCC and each such subsidiary as a major subsidiary;

any direct or indirect acquisition or purchase of (1) 10% or more of any class of equity securities or voting power or 10% or more of the consolidated gross assets of NYBOT, or (2) 50% or more of any class of equity securities or voting power of any of its major subsidiaries;

any tender offer that, if consummated, would result in any person or entity beneficially owning 10% or more of any class of equity securities or voting power of NYBOT; or

any merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving NYBOT or any major subsidiary of NYBOT.

The merger agreement permits NYBOT and its board of governors to comply with Rule 14d-9 and Rule 14e-2 under the Securities Exchange Act of 1934 with regard to an acquisition proposal that NYBOT may receive and to make other disclosures required by law or the fiduciary duties of NYBOT's board of governors.

If NYBOT receives an unsolicited bona fide written acquisition proposal prior to the receipt of NYBOT member approval of the merger agreement, NYBOT may engage in discussions or negotiations with, or provide information to, the person making that acquisition proposal, if and only to the extent that:

NYBOT's board of governors, after consultation with its outside legal counsel and financial advisors, concludes in good faith that there is a reasonable likelihood that the acquisition proposal would result in a superior proposal (as described below);

NYBOT's board of governors, after consultation with its outside legal counsel, determines in good faith that failure to take the action would be inconsistent with the board's fiduciary duties under applicable law;

prior to providing information or data to any person in connection with the acquisition proposal, NYBOT's board of governors receives from the person making the acquisition proposal an executed confidentiality agreement with terms that are no less restrictive, in the aggregate, than those contained in the confidentiality agreement between NYBOT and ICE; and

NYBOT is not in material breach of its obligations with the no solicitation provisions in the merger agreement. In addition, if NYBOT receives an unsolicited bona fide written acquisition proposal prior to the receipt of NYBOT member approval of the merger agreement, NYBOT may withdraw or change its recommendation in favor of adopting the merger agreement if:

NYBOT's board of governors, after consultation with outside legal counsel and financial advisors, concludes in good faith that the acquisition proposal which has been received constitutes a superior proposal (as described below); and

NYBOT's board of governors, after consultation with outside legal counsel, determines in good faith that failure to take the action would be inconsistent with the board's fiduciary duties under applicable law.

Table of Contents

For purposes of the merger agreement, **superior proposal** means a bona fide written acquisition proposal obtained by NYBOT (other than any such proposal obtained in breach of the **no solicitation** provisions in the merger agreement) for or in respect of:

all of the outstanding voting power of and economic interest in the membership interests or any other capital stock of NYBOT, or

all of the assets of NYBOT and its subsidiaries, on a consolidated basis, on terms that NYBOT's board of governors concludes in good faith, after receipt of the advice of its financial advisors and outside legal counsel, is more favorable, from a financial point of view to NYBOT members, than the merger contemplated by the merger agreement, after taking into account all legal, financial, regulatory, structural and other aspects of the acquisition proposal and the merger agreement and any improved terms that ICE has offered pursuant to the merger agreement that are deemed relevant by NYBOT's board of governors (including conditions to and the expected timing and risks of completion and the ability of the party making the acquisition proposal to obtain financing).

NYBOT has agreed in the merger agreement that it will:

notify ICE, within two business days of receipt of any acquisition proposal or any request for nonpublic information or inquiry that NYBOT reasonably believes could lead to an acquisition proposal, of the material terms and conditions of the acquisition proposal, request or inquiry and the identity of the person making the acquisition proposal, request or inquiry; and

thereafter provide ICE, as promptly as practicable, with oral and written notice containing information as is reasonably necessary to keep ICE informed in all material respects of the status and details of the acquisition proposal, request or inquiry.

As described in **Termination** **Termination Rights**, ICE will have an opportunity to match the terms of the superior proposal so that it would no longer constitute a superior proposal.

Members Meeting

NYBOT has agreed in the merger agreement to convene a meeting of its members on a date mutually agreed upon by NYBOT and ICE that shall be as promptly as practicable (but in no event more than 35 days) after the registration statement of which this document forms a part is declared effective, to consider and vote upon the adoption and approval of the merger agreement. Additionally, subject to fiduciary obligations under applicable law, NYBOT's board of governors agreed to recommend and solicit the approval and adoption of the merger agreement. In the event that NYBOT's board of governors determines that the merger agreement is no longer advisable and either (1) makes no recommendation or (2) recommends that its members reject the merger agreement, NYBOT shall nevertheless submit the merger agreement to its members for approval and adoption at their meeting unless the merger agreement has been terminated in accordance with the terms of the merger agreement.

Termination

Termination Rights

NYBOT and ICE may terminate the merger agreement at any time prior to the completion of the merger by mutual consent. In addition, the board of directors or governors, as applicable, of either NYBOT or ICE may terminate the merger agreement at any time prior to the completion of the merger if:

the merger is not completed on or before June 14, 2007 (the **termination date**), except that this right to terminate will not be available to a party whose failure to perform any material covenant or obligation under the merger agreement was the cause of, resulted in, or proximately contributed to the failure of the merger to be completed by the termination date.

Table of Contents

NYBOT members do not approve and adopt the merger agreement at their meeting or any adjournment or postponement of the meeting, except that this right to terminate will not be available to NYBOT if NYBOT has breached in any material respect its obligations to properly convene and hold a members meeting in a manner that proximately contributes to NYBOT's members meeting not being held, or the vote of NYBOT members not being taken, prior to the termination date;

any governmental entity which must grant a regulatory approval that is required to be obtained in connection with the merger has (1) denied such grant and such denial has become final, binding and non-appealable or (2) has conditioned such grant in a manner that ICE reasonably determines would be reasonably likely to result in a substantial detriment to ICE, and such condition has become final, binding and non-appealable; or

any order permanently restraining, enjoining or otherwise prohibiting completion of the merger becomes final and non-appealable. Each of NYBOT and ICE have the right to extend the termination date to September 14, 2007 if the only conditions to the completion of the merger that have not yet been satisfied are those conditions outlined in Conditions to the Completion of the Merger Conditions to Each Party's Obligations or those conditions relating to the receipt of a private letter ruling from the Internal Revenue Service.

Additionally, ICE may terminate the merger agreement at any time prior to the completion of the merger, if:

NYBOT's board of governors changes its recommendation for the merger or fails to reconfirm its recommendation within seven business days after a written request by ICE to do so;

NYBOT breaches in any material respect any of its representations, warranties, covenants or agreements contained in the merger agreement (which breach would prevent satisfaction of ICE's relevant closing conditions), and the breach is not curable or, if curable, is not cured prior to the earlier of (1) the date that is 30 days after written notice of the breach is given by ICE to NYBOT, or (2) the business day prior to the termination date of the merger agreement; or

NYBOT or any of its affiliates, agents or representatives breaches in any material respect the no solicitation provisions described under No Solicitation of Alternative Transactions.

NYBOT may terminate the merger agreement:

at any time prior to the approval of the merger agreement by NYBOT members, if NYBOT's board of governors authorizes NYBOT to enter into a binding agreement for an alternative transaction that constitutes a superior proposal (after notifying ICE of its intention to enter into this agreement and after providing ICE with an opportunity to match the terms of the alternative transaction so that it would not be a superior proposal), and NYBOT is not in material breach of the no solicitation provisions described under No Solicitation of Alternative Transactions, or any other terms of the merger agreement; or

before or after the approval of the merger agreement by NYBOT members, if ICE breaches in any material respect any of its representations, warranties, covenants or agreements contained in the merger agreement (which breach would prevent satisfaction of NYBOT's closing conditions), and the breach is not curable or if curable, is prior to the earlier of (x) the date that is 30 days after written notice of the breach is given by NYBOT to ICE, or (y) the business day prior to the termination date of the merger agreement.

Termination Fees and Expense Reimbursement

The merger agreement requires NYBOT to pay ICE a termination fee of \$39,000,000 and also reimburse ICE for its out-of-pocket expenses in an aggregate amount up to \$5,000,000 as follows:

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if NYBOT terminates the merger agreement because the termination date has occurred, and at that time ICE would have been permitted to terminate the merger agreement on the ground that NYBOT's board of governors changed its recommendation or failed to reconfirm its recommendation for the merger as described above;

Table of Contents

if NYBOT terminates the merger agreement in order to enter into an alternative transaction that constitutes a superior proposal as described above; or

if ICE terminates the merger agreement because NYBOT's board of governors changed its recommendation or failed to reconfirm its recommendation for the merger.

In addition, if an acquisition proposal is made to NYBOT or its subsidiaries, or any person announces a bona fide intention to make an acquisition proposal with respect to NYBOT or its subsidiaries, and thereafter the merger agreement is terminated:

by either ICE or NYBOT because NYBOT members did not approve and adopt the merger agreement at their meeting convened for that purpose (including any adjournment or postponement of that meeting);

by either ICE or NYBOT because the termination date of the merger agreement has occurred and, at that time, the vote of NYBOT members to approve the merger agreement has not been taken and the only closing condition that is not satisfied is the failure to have received the approval for the merger by NYBOT members;

by ICE because NYBOT materially breached the no solicitation provisions described under No Solicitation of Alternative Transactions; or

by ICE because NYBOT materially breached its representations, warranties, covenants or agreements contained in the merger agreement (which breach would prevent satisfaction of ICE's closing conditions), and the breach is not curable or if curable, is not cured prior to the earlier of (x) the date that is 30 days after written notice of the breach is given by ICE to NYBOT, or (y) the business day prior to the termination date of the merger agreement;

then, in each case, NYBOT must:

pay the expense reimbursement within two days after termination; and

pay the termination fee if, within nine months of the termination, (1) any third party has acquired or has entered into an agreement with NYBOT or its subsidiaries to acquire (either through a purchase, merger, consolidation or otherwise) a majority of the voting power or economic interests in the outstanding membership interests or other equity securities of NYBOT or a majority of the consolidated assets of NYBOT and its subsidiaries, taken as a whole, or (2) a business combination transaction (such as a merger or consolidation) has been completed between NYBOT and a third party after which NYBOT members do not hold a majority of the voting power or economic interest in the surviving or successor company.

If NYBOT fails to pay all amounts of the termination fee and expense reimbursement due on the specified dates, then NYBOT must also pay ICE's expenses for actions taken to collect the unpaid amounts, including interest on the unpaid amounts, calculated at the prime rate plus 200 basis points.

Conduct of Business Pending the Merger

NYBOT and ICE agreed in the merger agreement that, until the earlier of the completion of the merger or the termination of the merger agreement, they would conduct their respective businesses in the ordinary and usual course consistent with past practice and use reasonable best efforts to preserve their respective business organizations and maintain relationships and goodwill with governmental entities, self-regulatory entities, providers of order flow, customers, other business associates, members and stockholders. NYBOT and ICE also agreed not to declare, set aside or pay any type of dividend in respect of any membership interests or capital stock, as appropriate, other than dividends payable by wholly-owned subsidiaries of each party to such party or such party's other wholly-owned subsidiaries.

Table of Contents

NYBOT and its subsidiaries also agreed to certain restrictions relating to the conduct of their businesses during this period. Specifically, NYBOT agreed not to do the following without the prior written consent of ICE (subject to exceptions specified in the merger agreement):

issue any new membership interests, other membership interests, capital stock or any securities convertible into or exchangeable or exercisable for any membership interests or shares of capital stock, trading rights, other trading permits, or any lease rights;

sell, pledge, dispose of or encumber, split, combine or reclassify, or repurchase, redeem or acquire any outstanding NYBOT membership interests, other membership interests, capital stock or any securities convertible into or exchangeable or exercisable for any membership interests or shares of capital stock, permits, trading rights, other trading permits, or any lease rights;

make any structural changes to NYCC, agree to (other than in the ordinary course of business) list or clear any additional products or markets, change its risk policies or reduce its guaranty fund, liquidity or credit resources;

(1) terminate, establish, amend or make new grants under any employee benefit plans or similar arrangements, (2) increase the compensation of any employees or fringe benefits of any governor, officer or employee (except increases occurring in the ordinary and usual course of business consistent with past practice), (3) grant any equity-related award, pay or grant change in control or severance benefits to any NYBOT employee or governor in connection with the merger, (4) accelerate the vesting or payment of compensation or benefits under NYBOT's benefit plans, (5) change actuarial or other assumptions with respect to NYBOT benefit plans, (6) adopt or amend a collective bargaining agreement, or (7) terminate any officer without cause;

settle or compromise any material claims or litigation or modify, amend or terminate any of its material contracts or waive, release or assign any material rights or claims (except in the ordinary and usual course of business consistent with past practice);

incur additional material indebtedness or other liability or modify any material indebtedness or other liability other than in the ordinary course of business;

make or authorize or commit to any capital expenditures (other than under its current business plan as disclosed to ICE prior to the date of the merger agreement), acquisitions or other types of non-ordinary-course transactions;

except for a platform license and service agreement with ICE, enter into any agreement to trade any products on an electronic trading platform or that would restrict NYBOT's or its subsidiaries' ability to trade any product on an electronic trading platform;

change any material tax election, change any material method of tax accounting, file any materially amended tax return, or settle or compromise any material audit or proceeding relating to taxes or permit any insurance policy naming it as a beneficiary or loss-payable payee to be cancelled or terminated except in the ordinary and usual course of business;

permit any change in its credit practices or accounting principles, policies or practice, except to the extent that any such changes in accounting principles, policies or practices are required by changes in GAAP;

enter into any non-compete or similar contract that would restrict the business of the surviving corporation or any of its affiliates following the completion of the merger;

enter into any contract between itself, on the one hand, or any of its affiliates, employees, officers or governors, on the other hand; and

amend or modify NYBOT's certificate of incorporation, bylaws or rules or the certificates of incorporation, bylaws, rules and similar organizational documents of NYBOT's subsidiaries, except for rule amendments or modifications that are consistent with past practice, that are not material and that

Table of Contents

would not become core rights (as defined in the bylaws of the surviving corporation see below under The Bylaws Amendment of Bylaws) or file with the CFTC any notice of such amendment or modification unless it shall simultaneously provide a written copy of such application to ICE.

ICE and NYBOT have entered into a license and service agreement for the trading of certain NYBOT products on the ICE electronic platform. If the merger agreement is not approved by the NYBOT members at the NYBOT special meeting to be held on December 11, 2006, NYBOT has the option to cancel the agreement within 30 days of the special meeting. If the merger agreement is approved by the NYBOT members and the merger is consummated, the surviving corporation will pay ICE approximately \$6.7 million per year in licensing fees plus a volume related charge under the license and service agreement. The agreement will have an initial term of 18 months and will automatically continue thereafter unless either party provides the other party a notice of termination.

Organizational Documents of NYCC

At the completion of the merger, ICE is required to amend the provisions of the bylaws of NYCC with respect to the use of guaranty fund deposits and the issuance of assessments to the clearing members in the event of a monetary default (as defined in the bylaws of NYCC). This amendment will limit the application of such bylaw provisions, in the case of certain self clearing members and clearing members that are only entitled to clear cotton contracts as of the date of the merger agreement, to monetary defaults that involve a commodity contract that the applicable clearing member is entitled to clear with NYCC.

Indemnification and Insurance of Governors and Officers

After the completion of the merger, ICE and NYBOT agreed that ICE will indemnify, hold harmless and provide advancement of expenses to the past and present governors, officers and employees of NYBOT and its subsidiaries, for acts or omissions occurring at or prior to the completion of the merger, to the same extent as these individuals had rights of indemnification prior to the completion of the merger and to the fullest extent permitted by law. ICE and NYBOT also agreed that the certificate of incorporation and bylaws of the surviving corporation will include provisions regarding elimination of liability of directors, indemnification of officers, directors and employees and advancement of expenses that are, in the aggregate, no less advantageous to the intended beneficiaries than the corresponding provisions in the current certificate of incorporation and bylaws of NYBOT.

In addition, ICE has agreed to purchase or permit NYBOT to purchase a six-year tail prepaid policy on terms and conditions no less advantageous to the insured than the current governors and officers liability insurance and fiduciary liability insurance maintained by NYBOT.

Benefits Matters

ICE and NYBOT agreed that until the second anniversary of the closing, ICE will provide to NYBOT's employees pension and welfare benefits that are no less favorable in the aggregate than those provided to those employees immediately prior to the effective time of the merger. In addition, ICE will provide selected employees salary and year end incentive payments that are no less favorable than these currently paid by NYBOT and its subsidiaries to those employees. ICE and its subsidiaries will give employees of NYBOT who become participants in ICE's or its subsidiaries' employee benefit plans, for purposes of eligibility and vesting (but not benefit accrual), service credit by those employees as if such service was with ICE or its subsidiaries. In addition, ICE will take into account any eligible expenses incurred by any of NYBOT's employees and their covered dependents for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to the employee or their dependents.

Table of Contents

Promptly after the effective time and in connection with the bonus pool, ICE will cause the surviving corporation to distribute an amount in cash and/or shares to certain eligible governors and employees of NYBOT who are employed at the effective time and who have executed non-competition agreements and, if requested by ICE, consulting agreements with ICE and the surviving corporation.

Governance and Management

The merger agreement requires ICE to elect as members of the surviving corporation's board of directors: (1) two individuals designated from among the current governors of NYBOT for one two-year term and (2) four public directors for four one-year terms. The term public director shall mean any person who (i) qualifies as a public director within the meaning of the rules proposed by the CFTC as of September 14, 2006 for determining qualifications of public directors or, if the CFTC adopts any such rules, within the meaning of such rules in effect from time to time and (ii) meets the independence requirements of the New York Stock Exchange for directors serving on the boards of listed companies, as amended from time to time.

ICE is also required to cause the officers and governors of NYBOT to be elected as the executive officers of the surviving corporation after the completion of the merger (other than the chief executive officer of NYBOT). The chief executive officer of the merger sub prior to the completion of the merger will be the chief executive officer of the surviving corporation.

Upon consummation of the merger, two governors from the current NYBOT board of governors and selected by ICE will join ICE's board of directors.

Amendment and Waiver

NYBOT and ICE may amend the merger agreement at any time before the completion of the merger. However, after approval and adoption of the merger agreement by NYBOT's members, no amendment may be made which by law or in accordance with the rules of any relevant stock exchange requires further approval by NYBOT members, unless this further approval is obtained.

At any time before the completion of the merger, the parties may, to the extent legally allowed, waive any compliance with any of the conditions contained in the merger agreement.

Fees and Expenses

All costs and expenses incurred in connection with the merger agreement and the merger will be paid by the party incurring the expense, except as otherwise provided in the merger agreement and except that:

if the merger is completed, the surviving corporation will pay any property or transfer taxes imposed on either party in connection with the merger; and

all expenses and fees incurred in connection with the filing, printing and mailing of this prospectus/proxy statement and the registration statement of which it is a part will be shared equally by NYBOT and ICE.

Representations and Warranties

The merger agreement contains customary and substantially reciprocal representations and warranties by NYBOT and ICE relating to the following:

organization, good standing and qualification;

membership interests and trading rights (in the case of NYBOT) and capital structure (in the case of ICE);

Table of Contents

authorization of the merger agreement and absence of conflicts;

governmental consents and approvals required for the completion of the merger;

financial statements and reports sent to members (in the case of NYBOT) or filed with the SEC (in the case of ICE);

absence of any material adverse effect and, in the case of NYBOT, any material damage to any material property or asset since December 31, 2005;

compliance with applicable laws and material agreements;

legal proceedings;

tax matters; and

brokers and finders.

Additionally, the merger agreement contains customary representations and warranties by NYBOT relating to the following:

employee benefits;

labor matters;

insurance;

intellectual property;

no default of clearing members of NYCC; and

material contracts.

Many of the representations and warranties contained in the merger agreement are qualified by knowledge, materiality or a material adverse effect standard.

The description of the merger agreement in this prospectus/proxy statement has been included to provide you with information regarding its terms. The merger agreement contains representations and warranties made by and to the parties thereto as of specific dates. The statements embodied in those representations and warranties were made for purposes of that contract between the parties and are subject to qualifications and limitations agreed by the parties in connection with negotiating the terms of that contract. In addition, certain representations and warranties were made as of a specified date, may be subject to a contractual standard of materiality different from those generally applicable to shareholders, or may have been used for the purpose of allocating risk between

the parties rather than establishing matters as facts.

Table of Contents

THE BYLAWS

This section of the document describes the material terms of the proposed bylaws of the surviving corporation. The following summary is qualified in its entirety by reference to the complete text of the proposed bylaws, which is attached as Annex C to this document. We urge you to read the full text of the bylaws.

In the merger agreement, ICE has agreed to cause the surviving corporation to adopt bylaws in the form attached as an exhibit to the merger agreement.

Trading Memberships

The surviving corporation will issue to each former NYBOT member following the completion of the merger a trading right (referred to in the bylaws as a trading membership) upon receiving from such NYBOT member properly completed and executed copies of the trading membership application documentation. Application documentation will be delivered to members prior to the completion of the merger. This trading right will permit each former NYBOT member to execute trades on the surviving corporation's exchange in all contracts traded on NYBOT's exchange at the time the merger agreement was signed, to the extent that such contracts continue to be traded by the surviving corporation's exchange.

Under the bylaws, former NYBOT members must own, at all times, 3,162 shares ICE common stock (as adjusted for reclassifications, stock splits, stock dividends or distributions, recapitalizations or similar transactions) in order to retain and use the trading rights issued to such former member. Any former NYBOT member that fails to hold such requisite number of shares of ICE common stock will have his or her trading rights revoked and permanently cancelled. Each former NYBOT member must grant the surviving corporation a security interest in all such shares of ICE common stock as provided in the rules of the surviving corporation. The security interest will be effected pursuant to, and as part of, the trading membership application documentation required to effectuate the conversion of a NYBOT trading right into a surviving corporation trading membership.

The surviving corporation may issue new trading memberships in such numbers and for such consideration as the board of directors may from time to time determine. However, any new trading membership issued may not include the right to execute transactions on the surviving corporation's open-outcry trading floor.

Trading Permits

The surviving corporation will issue a trading permit in the surviving corporation to each person who held a permit to execute trades in commodity contracts on NYBOT's exchange immediately prior to the completion of the merger. This trading permit will be issued upon receipt by the surviving corporation from such person of properly completed and executed copies of the trading permit application documentation. Application documentation will be delivered prior to the completion of the merger. This trading right in the surviving corporation will be limited to the specific commodity contract(s) for which such recipient had trading permit rights immediately prior to the completion of the merger.

The surviving corporation may issue new trading permits in such numbers and for such consideration as the board of directors may from time to time determine. However, any new trading permits issued may not include the right to execute transactions on the surviving corporation's trading floor.

Transaction Fees

The board of directors of the surviving corporation may from time to time adopt resolutions that impose fees or charges for each commodity contract purchased or sold on the exchange. In fixing the amount of any such fees or charges, the board of directors may establish different rates for transactions in different commodity contracts,

Table of Contents

or for different types of transactions involving the same commodity contract. The board may also omit any fees or charges with respect to any type of transaction or may establish different rates based on such other factors as the board may determine are appropriate.

The surviving corporation will be required to charge a \$1 surcharge (the \$1 surcharge) on electronic trades of physical delivery core products that were listed for trading on NYBOT at the time of the completion of the merger. The \$1 surcharge is applied to such fee after taking into account the discount described in The Bylaws Discounts. The \$1 surcharge does not apply, however, to fees related to bona fide market making programs. The term core products refers to the commodity contracts that were traded on NYBOT's exchange immediately prior to the completion of the merger for the following commodities: Coffee C, Cocoa, Cotton No. 2, Sugar No. 11, Frozen Concentrated Orange Juice, Not-For-Concentrate Orange Juice, and Sugar No. 14.

However, the surviving corporation may eliminate the \$1 surcharge in the event that:

certain competing exchanges, or any of their respective affiliates, introduce a physical delivery contract after September 14, 2006 that (i) has the same contract terms as a core product or (ii) has the same contract terms as a core product except that it is cash-settled (in each case, other than any immaterially different terms); or

the board of directors of ICE requests that the public directors of the surviving corporation determine whether the introduction of a physical delivery contract by a competing exchange is a competitive contract with respect to a core product and the public directors by a supermajority vote of the public directors determine that such contract is a competitive contract.

However, in no event will the electronic trading fee for any core product be lower than the open-outcry trading fee for such product (except in connection with bona fide market making programs).

The term competitive contract refers to any contract listed by a competing exchange after September 14, 2006 that (i) has the same contract terms as a core product (other than any immaterially different terms) or (ii) has the same contract terms as a core product except that it is cash-settled (other than any immaterially different terms); and that, in either case, the failure of the surviving corporation to address and compete with such contract may be expected to give rise to a bona fide risk of a loss of market share by the surviving corporation's exchange for such core product.

The term supermajority vote of the public directors means the affirmative vote of at least the number of public directors that is one less than the total number of public directors on the surviving corporation's board of directors (determined as if there were no vacancies) eligible to vote on a matter but, in all cases, at least one public director.

The term public director shall mean any person who (i) qualifies as a public director within the meaning of the rules proposed by the CFTC as of September 14, 2006 for determining qualifications of public directors or, if the CFTC adopts any such rules, within the meaning of such rules in effect from time to time and (ii) meets the independence requirements of the New York Stock Exchange for directors serving on the boards of listed companies, as amended from time to time.

Unless the trading or clearance of a new contract would violate applicable laws or regulations, the surviving corporation may trade:

any derivative of a contract for a core product (such as a mini or maxi contract) proposed by ICE, and no such new contract will be subject to the \$1 surcharge;

any new contract proposed by ICE that is not a derivative contract for a core product, unless the board of directors of the surviving corporation determines that trading or clearing such new contract would materially and adversely affect the long-term business of the surviving corporation; and

Table of Contents

all contracts traded by ICE or ICE Futures as of September 14, 2006 and all contracts for energy products traded by ICE or ICE Futures thereafter, upon the request of ICE, unless the trading or clearance of such contracts would violate any contract that the surviving corporation was a party to as of September 14, 2006, and which the surviving corporation remains subject to at the time such products are to be traded.

A mini or maxi contract means with respect to a futures contract any other contract having the same terms as such futures contract except that it has a standard size that is (i) in the case of a mini contract, one-half or less of the standard size of such futures contract as of September 14, 2006 and (ii) in the case of a maxi contract, two times or more (or, in the case of Sugar No. 11 and Sugar No. 14, three times or more) of the standard size of such futures contract as of September 14, 2006, in each case subject to adjustment in the event that the standard size of a futures contract is increased or decreased.

Side-by-Side Electronic Trading

The chief executive officer of the surviving corporation has the authority to implement side-by-side electronic trading (including after-hours electronic trading) with respect to any commodity contract, except for any cash-settled commodity contract that has the same contract terms as core products.

The surviving corporation will, at the request of ICE, implement side-by-side electronic trading with respect to a cash-settled commodity contract that has the same contract terms as core products if:

certain competing exchanges, or any of their respective affiliates, introduce a cash-settled contract that has the same contract terms as a core product except that it is cash-settled (other than immaterially different terms); or

the board of directors of ICE requests that the public directors determine whether the introduction of a cash-settled contract by another exchange is a competitive contract with respect to a core product and the public directors, by a supermajority vote of the public directors, determine that such contract is a competitive contract.

Additionally, if another exchange has introduced a cash-settled contract that has the same contract terms as core products and that is settled using the prices of the surviving corporation's exchange, the surviving corporation may, at the request of ICE, eliminate the \$1 surcharge with respect to the physically-settled contract for such core product and adjust the electronic trading fee. However, in such case, the public directors of the surviving corporation may thereafter reinstate the \$1 surcharge with respect to the physically-settled contract for such core product if they determine, by a supermajority vote of the public directors, that reinstating the \$1 surcharge would not reasonably be expected to give rise to a bona fide risk of loss of market share of the surviving corporation for such core product. Additionally, in no event will the electronic trading fee for such physically-settled core product be lower than the open-outcry trading fee for such product (except in accordance with bona fide market making programs).

The surviving corporation may terminate open-outcry trading of any futures contracts that are not core products by majority vote of the surviving corporation's board of directors. However, the surviving corporation will be restricted from terminating open-outcry trading of core products, unless:

the surviving corporation's lease with respect to the surviving corporation's trading floor located at the World Financial Center expires or is terminated (other than as a result of a breach by the surviving corporation or a voluntary termination by the surviving corporation);

the public directors, by a supermajority vote of the public directors, recommend and two-thirds of the entire board of directors of the surviving corporation approves such termination; or

certain liquidity events occur.

Table of Contents

A liquidity event means, generally, (i) with respect to a contract in a particular core product, the failure of the average daily open-outcry volume in futures (ADV) measured on a rolling 90-day basis, to equal at least 50% of the ADV in such contract for the comparable 90-day period in calendar year 2005; and (ii) with respect to all core products, in the aggregate, the failure to maintain open-outcry ADV, measured on the foregoing basis, equal to 50% of the aggregate ADV in calendar year 2005 for all core products.

For so long as open-outcry trading of futures contracts that are core products has not been terminated pursuant to the preceding paragraph, the surviving corporation is required to:

maintain a disaster recovery site, which is comparable to NYBOT's disaster recovery site at the time of the completion of the merger, in order to sustain open-outcry trading in the event the surviving corporation's trading floor is not available for trading; and

dedicate sufficient financial and technological resources appropriate to support and maintain trading on an open-outcry trading floor consistent with prevailing industry practices.

Discounts

The surviving corporation is required to offer a 20% discount on exchange and clearing fees for proprietary trading by NYBOT members that are issued trading rights in the surviving corporation and firms that were member firms of NYBOT at the time of the signing of the merger agreement (NYBOT Member Firms) for transactions in contracts traded on NYBOT's exchange, which are listed on Schedule II to the bylaws of the surviving corporation (other than for prices charged with respect to bona fide market making programs). These former NYBOT members and NYBOT member firms will be entitled to such discount for as long as such contracts continue to be traded on the surviving corporation's exchange. Subject to certain exceptions, the right to receive this discount for electronic trading will terminate upon the transfer of by such former NYBOT member of his or her trading rights in the surviving corporation (subject in each case to certain exceptions).

Former NYBOT members and permit holders who are issued surviving corporation trading memberships and trading permits, as well as NYBOT Member Firms and lessees will also benefit from a most-favored-nation status that will entitle them to pay the lowest fees payable to the surviving corporation for electronic transactions in contracts traded on NYBOT's exchange at the time of the signing of the merger agreement (other than for fees related to bona fide market making programs). They will be entitled to this most-favored-nation status for as long as such contracts continue to be traded on the surviving corporation's exchange. Subject to certain exceptions, the right to receive this most favored nation status terminates upon the first transfer by such former NYBOT member or former NYBOT permit holder of his or her trading rights in the surviving corporation (subject in each case to certain exceptions).

Trade Committees

The surviving corporation will be required to maintain a trade committee for each of the core products. The surviving corporation may not alter any term or condition of any commodity contract involving a core product without the approval of two-thirds of the members of the applicable trade committee.

Until the two-year anniversary of the completion of the merger, each trade committee will consist of (i) nine members selected by ICE, who are actively engaged, or employed by a firm that is actively engaged, in the core product industry for the relevant trade committee; (ii) three floor brokers of the surviving corporation's exchange in the core product for the relevant trade committee; (iii) two members who are affiliated persons of futures commission merchants; and (iv) one member representing an asset management firm advising investment funds or separate accounts that trade in the relevant core product or a proprietary trading desk of an investment bank. All trade committees must be composed of at least two-thirds of former NYBOT members or individuals associated with NYBOT Member Firms. However, the orange juice committee must be composed of at least one half former NYBOT members or individuals associated with former NYBOT Member Firms.

Table of Contents

Transfer of Membership Interests and Trading Permits

Subject to the surviving corporation's bylaws and rules, which limit trading memberships and permits to being held by individuals, a trading membership or trading permit may be acquired, transferred or sold, and a trading membership may be leased. Any attempted acquisition, transfer, sale or other disposition of a trading membership or trading permit, or a lease of a trading membership, that would be in violation of the bylaws or the rules of the surviving corporation will be null and void. Each transferee of a trading membership or trading permit will be required to execute such documentation as the surviving corporation may require from time to time.

Governance

The officers of the surviving corporation, other than the chief executive officer, will be the officers of NYBOT prior to the completion of the merger. Until the second anniversary of the completion of the merger, the surviving corporation's board of directors will be comprised of nine directors, including the chief executive officer and chief financial officer of ICE, the chief executive officer or the president of the surviving corporation (who, pursuant to the merger agreement, will be designated by ICE), two members of the current NYBOT board of governors who are designated by ICE and who will also become directors of ICE (the NYBOT designees), and four directors who qualify as public directors and who, to the extent possible, will be initially selected from the current public governors on NYBOT's board of governors. Until the fourth anniversary of the completion of the merger, the surviving corporation's board will consist of at least four public directors.

Until the second anniversary of the completion of the merger, ICE, as sole stockholder of the surviving corporation, will be subject to certain limitations on its ability to remove the directors who are NYBOT designees during their respective terms and to fill any vacancy in a directorship previously held by a NYBOT designee. Until such second anniversary, any vacancy in a directorship previously held by a NYBOT designee will be filled by the person nominated by the remaining NYBOT designee, and in the event there is no remaining NYBOT designee, the directors in office must fill such vacancy with an individual who is a member of the current NYBOT board of directors. Prior to the second anniversary, the stockholders of the surviving corporation may not remove any NYBOT designee from the surviving corporation's board of directors without cause.

Until the fourth anniversary of the completion of the merger, ICE will also be subject to certain limitations on its ability to remove public directors during their respective terms and to fill any vacancy in a directorship previously held by a public director. Until such fourth anniversary, any vacancy in a directorship previously held by a public director will be filled by the person who qualifies as a public director and who is appointed by the remaining public directors and approved by ICE (such approval not to be unreasonably withheld). Prior to the fourth anniversary, the stockholders of the surviving corporation may not remove any public director from the surviving corporation's board of directors without cause.

Amendment of Bylaws

Under certain circumstances, the board of directors of the surviving corporation and its stockholders may adopt additional bylaws, and may amend or repeal any bylaws, whether or not adopted by them. However, until July 1, 2013, certain provisions of the bylaws and rules of the surviving corporation, as they relate to core products, may not be amended or repealed in a manner materially adverse to the rights of trading members, permit holders, NYBOT Member Firms, lessees and clearing members, except to the extent such amendment is approved and adopted by (i) the public directors, by a supermajority vote of the public directors, and (ii) two-thirds of the entire board of directors of the surviving corporation. These protected bylaws and rules provisions are referred to as core rights and include provisions relating to:

the eligibility standards and criteria for becoming a trading member, permit holder, or lessee;

the financial requirements applicable to a trading member, permit holder, lessee, and member firm;

the trading privileges authorized for each category of permit holder and for trading members;

the sale, and transferability of rights applicable to trading memberships and trading permits, and the leasing of rights applicable to trading memberships;

Table of Contents

the requirements applicable to obtaining open-outcry exchange floor trading privileges by trading members and permit holders;

provisions of NYBOT's rules governing the mode of executing transactions by open-outcry on the trading floor;

the eligibility requirements applicable to remaining a clearing member, to the extent that such person was a clearing member prior to the completion of the merger;

the rights and obligations of clearing members that act as guarantors of floor brokers, to the extent that the clearing member so acted prior to the completion of the merger;

composition of the board of directors of the surviving corporation, including NYBOT's governors designated to be members of the board of directors of the surviving corporation and ICE;

limitations on electronic trading of core products, for so long as open-outcry trading is required under the bylaws;

maintenance of a disaster recovery site (for as long as it is required by the bylaws);

dedicating financial and technical resources to support and maintain open-outcry trading (for as long as it is required by the bylaws);

transaction fees and discounts;

clearing member eligibility requirements; and

trade committee composition and control over the terms and conditions of core products.

The trading memberships and trading permits will exist as a matter of contract only. Holders of trading memberships and trading permits will not constitute stockholders of the surviving corporation within the meaning of the Delaware General Corporation Law or the certificate of incorporation, bylaws or rules of the surviving corporation after the merger and will have only such rights and privileges as are set forth in the rules or as prescribed by the board of directors of the surviving corporation, which rights will exist as a matter of contract only. No director or officer of the surviving corporation will have a fiduciary obligation to the holders of trading memberships or trading permits. Following the completion of the merger, the directors of the surviving corporation will have fiduciary obligations to the surviving corporation and its sole stockholder, ICE, although the surviving corporation, as a designated contract market within the meaning of the Commodity Exchange Act, will be required to follow certain core principles, including providing for a competitive, open and efficient market and mechanism for executing transactions and minimizing conflict of interests on the board of directors in decision making.

Clearing Members

The NYCC is the designated clearing organization for the surviving corporation's exchange and is authorized to clear the purchase and sales of commodity contracts on the surviving corporation's exchange. In order to be eligible to be a clearing member of NYCC after the completion of the merger, a firm will be required to hold at least 21,078 shares of ICE Common Stock and satisfy certain other requirements for clearing members set forth in the surviving corporation's rules and the bylaws and rules of NYCC. Each clearing member must grant the surviving corporation a security interest in all such shares of ICE common stock as provided in the rules of the surviving corporation.

Table of Contents

**DIRECTORS AND OFFICERS OF ICE AFTER THE MERGER AND THE
DIRECTORS AND OFFICERS OF THE
SURVIVING CORPORATION AFTER THE MERGER**

ICE

The directors and officers of ICE following the completion of the merger will be the directors and officers of ICE identified under [Information About ICE Directors and Executive Officers](#), except that two existing NYBOT directors will be appointed to ICE's board of directors. See [Information About ICE Directors and Executive Officers](#). Terrence F. Martell and Frederick W. Schoenhut are expected to serve as directors of ICE after the merger. The ICE board currently has authorized nine directors to sit on the board. As a result, following completion of the merger, the number of directors authorized for the ICE board will be eleven.

The following table provides information regarding Mr. Martell and Mr. Schoenhut:

Name	Age	Title
Terrence F. Martell	60	Director
Frederick W. Schoenhut	50	Director

Terrence F. Martell. Terrence F. Martell is expected to serve as a director of ICE following the merger. Since 2001, Mr. Martell has served as a public governor of NYBOT and a member of NYBOT's Executive Committee and Audit Committee. Since 1998, Mr. Martell has served as the Director of the Weissman Center for International Business at Baruch College/CUNY and, since 2003, as the Saxe Distinguished Professor of Finance. From 1992 to 2004, Mr. Martell served as the Deputy Department Chair of the Baruch College Faculty Senate. His particular area of expertise is international commodity markets. Prior to joining Baruch College, Mr. Martell was Senior Vice President of the Commodity Exchange, Inc. Mr. Martell is currently a board member of the Manhattan Chamber of Commerce and a member of the Reuters/Jefferies CRB Index Oversight Committee.

Frederick W. Schoenhut. Frederick W. Schoenhut is expected to serve as a director of ICE following the merger. Currently, Mr. Schoenhut is the Chairman of the Board of Governors of NYBOT. In September 1980, Mr. Schoenhut formed Copia Trading Co., Ltd., a coffee futures execution firm on the Coffee, Sugar & Cocoa Exchange (CSCE) trading floor, which he expanded into cocoa in 1982. He has served as Coffee Floor Committee Chairman, Operations and Technology Committee Chairman, as well as in various other committee leadership posts. Mr. Schoenhut chaired the NYBOT Relocation Committee, which was responsible for finding new facilities for NYBOT following the destruction of its existing facilities in the September 11 terrorist attacks.

For the age and certain selected biographical information regarding the other ICE directors, see [Information About ICE Directors and Executive Officers](#).

Surviving Corporation

The officers of the surviving corporation, other than the chief executive officer, will be the officers of NYBOT prior to the completion of the merger. Until the second anniversary of the completion of the merger, the surviving corporation's board of directors will be comprised of nine directors, including the chief executive officer and chief financial officer of ICE, the chief executive officer of the surviving corporation (who, pursuant to the merger agreement, will be designated by ICE), two members of the current NYBOT board of governors who are designated by ICE to serve on the ICE board of directors, referred to as NYBOT designees, and four directors who qualify as public directors and who, to the extent possible, will be initially selected from the current public governors on NYBOT's board of governors. Until the fourth anniversary of the completion of the merger, the surviving corporation's board will consist of at least four public directors.

Table of Contents

Until the second anniversary of the completion of the merger, ICE, as sole stockholder of the surviving corporation, will be subject to certain limitations on its ability to remove the directors who are NYBOT designees during their respective terms and to fill any vacancy in a directorship previously held by a NYBOT designee. Until such second anniversary, any vacancy in a directorship previously held by a NYBOT designee will be filled by the person nominated by the remaining NYBOT designee, and in the event there is no remaining NYBOT designee, the directors in office must fill such vacancy with an individual who is a member of the current NYBOT board of governors. Prior to the second anniversary, the stockholders of the surviving corporation may not remove any NYBOT designee from the surviving corporation's board of directors without cause.

Until the fourth anniversary of the completion of the merger, ICE will also be subject to certain limitations on its ability to remove public directors during their respective terms and to fill any vacancy in a directorship previously held by a public director. Until such fourth anniversary, any vacancy in a directorship previously held by a public director will be filled by the person who qualifies as a public director and who is appointed by the remaining public directors and approved by ICE (such approval not to be unreasonably withheld). Prior to the fourth anniversary, the stockholders of the surviving corporation may not remove any public director from the surviving corporation's board of directors without cause.

Table of Contents**INDUSTRY****General**

The markets for commodities trading include trading in both physical commodities contracts and derivative instruments instruments that derive their value from an underlying commodity or index across a wide variety of commodities. Derivative instruments provide a means for hedging price risk, asset allocation, speculation or arbitrage. Contracts for physical commodities allow counterparties to contract for the delivery of the underlying physical asset.

Energy Commodities

Currently, trading on ICE's platform is focused exclusively on energy commodities. Energy as a commodity class comprises a broad spectrum of commodity types, including crude oil and refined products, natural gas, electric power and other niche markets. Crude oil is one of the world's most widely-used commodities, and as such is also one of the most widely-traded commodities. Crude oil refers to petroleum in its raw form, as it comes out of the earth. There are several different types or grades of crude oil traded in the market, each of which is named to reflect the oil field from which it is extracted. For example, Brent crude oil, a light, sweet grade of crude is named for the Brent Oil Field in the North Sea, off the coast of Britain. Crude oil, including Brent and WTI crude oil, is only useful after refining, which produces numerous oil-based component products, including petroleum gas, gasoline, naphtha, kerosene, gas oil, heavy gas oil, lubricating oils and residuals, among others.

Natural gas, another widely-used and widely-traded energy commodity, is a naturally occurring combustible mixture of hydrocarbon gases that is extracted from the earth. Natural gas is used extensively on a commercial basis in the production of chemicals and the generation of electric power. Residential use of natural gas is on the rise given its availability and price relative to heating oil and electric power. While natural gas is comprised primarily of methane, it can also include ethane, propane, butane and pentane. Natural gas is found in reservoirs underneath the earth, and its presence is commonly associated with crude oil deposits. Once brought from underground, natural gas is refined to remove impurities such as water and sand, as well as other gases and compounds. After refining, natural gas is transported through a network of pipelines, thousands of miles of which exist in the United States and other developed countries, to delivery points, or hubs.

Power can be generated through a number of means, including the burning of refined crude oil products and natural gas, or through renewable means such as hydro-electric generation or wind. In contrast to natural gas and crude oil, power is a man-made end commodity that cannot be stored it must be used as it is produced and therefore is transported via a network of transmission lines only within the regions in which it is generated.

Natural gas and power contracts are traded based, in part, upon the location to which they are delivered. In North America, there are nearly 100 natural gas hubs (including the benchmark Henry Hub located in Louisiana), and approximately 15 power hubs. Market participants can trade contracts for natural gas or power based on any of these hubs, whose prices are determined by transportation costs and supply and demand at each hub. An example of a leading regional power contract is the PJM financial power contract, which is based on power generated in the Pennsylvania, New Jersey and Maryland region. Further, natural gas market participants often enter into basis swaps that hedge the difference in cost between delivery to the benchmark Henry Hub and another hub that may be closer to the participants' preferred point of delivery.

Derivative and Physical Commodities Contracts

In addition to being characterized by an underlying commodity or component asset, derivative contracts are further characterized by physical delivery or financial settlement, as well as the term of the contract. The contracts with the greatest liquidity are those that have settlement or expiry dates within the following one or two months, called the prompt or front months. Contracts that have settlement dates one year out or longer, referred to as the back months, tend to be less actively traded.

Table of Contents

Participants in the markets for commodities trading include industrial firms that produce or use and financial institutions, among others. These market participants pursue a range of trading strategies for a variety of reasons, including:

Risk Management: Firms that produce or consume commodities may use physical or derivative contracts to hedge their exposure to future price movements.

Asset Allocation: Derivative contracts allow market participants to gain market exposure to the returns or diversification offered by a particular commodity or group of commodities without investing in the underlying physical asset.

Speculation: Market participants that have a specific view on the direction of commodity prices may buy or sell derivative contracts in anticipation of benefiting from a commodity's directional price movement, whether rising or falling.

Arbitrage: Market participants may buy or sell derivative contracts in an attempt to profit from perceived value differences among related commodities, or correlated asset classes, or between the derivatives and physical markets.

Physical delivery: Firms that consume or are under contractual obligations to deliver or purchase commodities in physical form, such as a natural gas distribution company, may enter into a contract that will give them the right to receive or sell a specified quantity of the underlying commodity at a specified time and location in the future.

Generally, there are two types of market structures within the commodities trading sector—the futures market and the OTC market. These market structures are distinguished by their unique regulatory, participatory, reporting and operational requirements.

The Futures Market

Until the early 1970s, futures markets were restricted to traditional, physical commodities (e.g., wheat, copper, sugar). Since that time, futures markets have expanded to incorporate additional market sectors, including: currencies, interest rate instruments and stock indices. Futures exchanges that trade energy commodities include, among others, NYMEX (which principally trades in futures on energy and precious metals) and The Tokyo Commodity Exchange (which principally trades futures on gold, silver, platinum, crude oil, gasoline, kerosene and rubber) and, to a lesser extent, the Chicago Mercantile Exchange (which principally trades futures on interest rates, stock indices, foreign currencies and agricultural commodities) and the Chicago Board of Trade (which principally trades futures on financial instruments, agricultural commodities, precious metals and equity indices). In addition to offering trading of standardized contracts, futures exchanges provide access to a centralized clearing system. Commodity futures exchanges are regulated in the United States by the CFTC and are required to publish certain information, such as contract settlement prices and participant information. Commodity futures exchanges are regulated in the United Kingdom by the Financial Services Authority.

A futures exchange typically operates as an auction market, where trading is conducted either on an electronic platform or on an open-outcry trading floor. In an auction market, prices are established publicly either on a screen or on the floor by participants posting bids, or buying indications, and offers, or selling indications. A futures exchange offers trading of standardized contracts and provides access to a centralized clearing system. Commodity futures exchanges are regulated in the United States by the CFTC and are required to publish certain information, such as contract settlement prices and participant information. Commodity futures exchanges are regulated in the United Kingdom by the Financial Services Authority. In a typical futures market, participants can trade two types of instruments:

Futures: A future is the most common exchange-traded commodity contract. It is a standardized contract to buy or sell a specified quantity of an underlying asset during a particular month (an exact delivery date or a range of dates will be specified). Contract sizes are standardized and differ by

Table of Contents

commodity. For example, the ICE Futures Brent Crude futures contract has a contract quantity of 1,000 net barrels, or 42,000 U.S. gallons. The price of the futures contract is determined through the auction process on the exchange. Futures contracts are settled through either physical delivery or cash settlement, depending on the contract specification.

Options: An option is a contract that conveys to the buyer the right, but not the obligation, to call (buy) or put (sell) an underlying futures contract at a price determined at the time of the execution of the option.

Historically, trading in futures contracts took place exclusively through face-to-face interaction on a physical trading floor by members of an exchange, also known as a pit, through an auction process known as open-outcry. In an open-outcry market, the matching of buyers and sellers is achieved by traders in the pit locating other traders in the pit who have an opposite trading interest. As the name implies, traders cry out their bids and offers, often in combination with a system of hand signals, with the objective of finding a counterparty with whom to trade.

All futures contracts and options on futures contracts are cleared through a central clearinghouse. Clearing is the procedure by which each futures and options contract traded on an exchange is novated, or replaced, with a contract with the clearinghouse. In this process, the clearinghouse is interposed between the trading parties and becomes the buyer to each member firm that is a seller, and the seller to each member firm that is a buyer. By interposing itself between the member firm parties of every trade, the clearinghouse guarantees each member firm party's performance, and eliminates the need to evaluate counterparty credit risk. Futures commission merchants function, in turn, as intermediaries between market participants and a clearinghouse. From the participant's perspective, the futures commission merchant is the counterparty to a cleared trade, as the contract is cleared by the clearinghouse in the name of the futures commission merchant. From the clearinghouse's perspective, the futures commission merchant is the counterparty to the trade. In effect, the clearinghouse takes on the counterparty credit risk of the futures commission merchant, and the futures commission merchant assumes the credit risk of each counterparty, which is partially offset by capital held by the futures commission merchant with respect to each counterparty.

The OTC Market

Over-the-counter, or OTC, is a term used to describe trading activity that does not take place on a regulated exchange. In this market, commercial market participants have historically entered into negotiated, bilateral contracts, although in recent years participants have begun to take advantage of cleared OTC contracts that, like futures contracts, are standardized and cleared through a central clearinghouse.

In contrast to the limited range of futures contracts available for trading on regulated exchanges, participants in the OTC markets have the ability to trade an unlimited number of customized contracts, which may specify contract terms, such as the underlying commodity, delivery date and location, term and contract size. Furthermore, while exchanges typically limit their hours of operation and restrict direct trading access to a limited number of exchange members, OTC markets operate virtually around the clock and do not impose membership interest requirements.

Financially-settled OTC contracts are classified as derivatives meaning that the contract is settled through cash payments based on the value of the underlying commodity, rather than through physical delivery of the commodity. Physical contracts provide for settlement through physical delivery of the underlying commodity. Physical contracts may be entered into for either immediate delivery of a commodity, in the cash or spot market, or for delivery of a commodity at a specified time in the future, in the forward market. Forward contract prices are generally based on the spot market prices of the underlying commodity, since long-term contracts evolve into short-term contracts over time.

Table of Contents

Several types of contracts are typically traded in the OTC market:

Forwards and Swaps: A forward contract is an agreement between two parties to deliver a specified quantity of an underlying asset, on a specified date, and at a specified location. Unlike futures contracts discussed above, forward contracts are not standardized, but can be negotiated on an individual basis between counterparties. Swaps generally are contracts between the holders of two different assets with differing risk and performance profiles in which the risk or performance characteristics are exchanged. Swaps may be settled against the future price of a single commodity or against an index of commodity prices.

Differentials and Spreads: Differentials, or basis swaps, are contracts that allow counterparties to swap delivery (or the financial equivalent of delivery) of a commodity between two different delivery points. For example, trading parties may enter into a basis swap for natural gas by swapping delivery of natural gas at the benchmark Henry Hub for delivery at any hub in North America. This type of contract allows market participants to hedge or speculate on forward natural gas prices in various markets. The price of a basis swap contract is based on the cost differential between delivery at each hub. Spreads are the simultaneous purchase and sale of forward contracts for different months, different commodities or different grades of the same commodity.

Options: Options are contracts that convey to the buyer the right, but not the obligation, to require the seller to make or take delivery of a stated quantity of a specified commodity at a specified price. Options may also be cash settled, based on the difference between the market price of the underlying commodity and the price of the commodity specified in the option.

Because bilateral OTC contracts are entered into and settled on a principal-to-principal basis, each party is exposed to counterparty credit risk. Therefore, traditionally, OTC market participants have relied heavily on their internal risk management systems to monitor and mitigate counterparty credit and performance risk. In recent years, a growing number of markets, including ours, have begun to offer clearing for some of the more commonly traded OTC contracts to address the risks associated with entering into bilateral agreements. Participants who choose to trade cleared OTC products must have an account with a futures commission merchant.

A key structural difference between futures and cleared OTC forward markets on the one hand and equity markets on the other hand is the need for a trader in the futures or OTC forward markets to close out a long or short position through the same exchange on which the original position was established. This has the benefit of retaining the open interest at that exchange. In contrast, traders in equity markets can execute any trade on any exchange with quality and cost of execution being the only considerations.

Industry Trends

ICE believes that the increasing interest in derivatives trading, and in energy derivatives in particular, is being driven primarily by the following key factors:

Growth in Electronic Trading: Innovations in technology have increased the speed of communications and the availability of information, which have enabled market participants to access and participate in the commodities markets more easily and quickly and less expensively. During the last decade, the use of electronic trading has become increasingly prevalent, and offers a number of advantages relative to floor-based trading.

Lower Barriers to Entry for Market Participants: The barriers to entry for trading in energy derivatives have traditionally been significant, which has limited the ability of many traders to participate in this market. In recent years, a considerable erosion of these barriers has occurred largely due to the availability of electronic trading. In addition to electronic trading, other changes in market structure contributing to lower barriers to entry include declining exchange membership interest fees, use of independent software vendors and the introduction of cleared OTC contracts.

Table of Contents

Increasing Adoption of Energy Commodities as an Investable Asset Class: Investors' interest in energy commodities as an asset class has experienced significant growth in recent years. A number of attributes inherent to energy commodities have contributed to this growth including higher volatility, geopolitical risk, low/negative correlation with other asset classes, asset diversification and attractive investment returns.

New Market Participants: Recent growth in energy derivatives trading has been driven in part by increased participation in energy markets by financial institutions, hedge funds, proprietary trading firms and institutional investors.

Table of Contents**INFORMATION ABOUT ICE****General**

ICE operates the leading electronic global futures and over-the-counter, or OTC, marketplace for trading a broad array of energy products. Currently, ICE is the only marketplace to offer an integrated electronic platform for side-by-side trading of energy products in both futures and OTC markets. Through ICE's electronic trading platform, its marketplace brings together buyers and sellers of derivative and physical energy commodities contracts. ICE's electronic platform increases the accessibility and transparency of the energy commodities markets and enhances the speed and quality of trade execution. The open architecture of ICE's business model meaning its ability to offer centralized access to trading in regulated futures markets and in OTC contracts on a cleared or bilateral basis through multiple interfaces allows ICE's participants to optimize their trading operations and strategies. ICE conducts its OTC business directly, and its futures business through its wholly-owned subsidiary, ICE Futures. ICE Futures is the largest energy futures exchange outside of North America, as measured by 2005 traded contract volumes. ICE also offers a variety of market data services for both futures and OTC markets through ICE Data, its market data subsidiary.

For the nine months ended September 30, 2006, 156.9 million contracts were traded in ICE's combined futures and OTC markets, up 109.3% from 75.0 million contracts traded for the nine months ended September 30, 2005. During the nine months ended September 30, 2006, 64.5 million contracts were traded in ICE's futures markets and 92.3 million contracts were traded in its OTC markets, up 111.4% from 30.5 million futures contracts traded during the nine months ended September 30, 2005 and up 107.8% from 44.4 million OTC contracts traded during the nine months ended September 30, 2005. For the year ended December 31, 2005, 104.1 million contracts were traded in its combined futures and OTC markets, up 56.5% from 66.5 million contracts traded for the year ended December 31, 2004. ICE's revenues consist of transaction fees, market data fees and other revenues. On a consolidated basis, for the nine months ended September 30, 2006, ICE generated \$218.5 million in revenues (representing a 90.7% increase compared to \$114.6 million for the nine months ended September 30, 2005) and \$94.3 million in net income (representing a 269.0% increase compared to \$25.6 million for the nine months ended September 30, 2005). On a consolidated basis, ICE generated \$155.9 million in revenues for the year ended December 31, 2005 (representing a 43.8% increase compared to \$108.4 million for the year ended December 31, 2004) and \$40.4 million in net income for the year ended December 31, 2005 (representing a 84.1% increase compared to \$21.9 million for the year ended December 31, 2004). The financial results for the nine months ended September 30, 2005 and for the year ended December 31, 2005 include \$4.8 million in expenses incurred relating to the closure of its open-outcry trading floor in London and a \$15.0 million settlement expense related to a payment made to EBS Dealing Resources, Inc., or EBS, to settle litigation.

ICE's History

ICE was formed in May 2000 with the goal of developing a platform to provide a more transparent and efficient market structure for OTC energy commodities trading. ICE's predecessor company, Continental Power Exchange, Inc., which was wholly-owned by Jeffrey C. Sprecher, ICE's chairman and chief executive officer, contributed to ICE all of its assets in May 2000, which consisted principally of electronic trading technology, and its liabilities, in return for a minority equity interest in ICE. In June 2001, ICE expanded its business into futures trading by acquiring ICE Futures Holdings Plc (formerly known as IPE Holdings Plc), the owner of ICE Futures (formerly known as the International Petroleum Exchange), which, at the time, was operated predominantly as a floor-based, open-outcry exchange. The International Petroleum Exchange had been seeking to expand its electronic trading capabilities since the late 1990s following the emergence of the industry trend toward electronic trade execution. At the time, ICE was seeking to expand its product offerings and to gain access to clearing and settlement services. Based on the complementary nature of the two businesses, ICE acquired the International Petroleum Exchange to develop a leading platform for energy commodities trading that would offer liquidity in both the futures and OTC markets. The International Petroleum Exchange, as a regulated futures exchange, had both established liquidity and an established brand in global energy markets. Prior to ICE's

Table of Contents

acquisition of the International Petroleum Exchange, ICE offered trading only in OTC markets. The International Petroleum Exchange was formed in 1980 by a group of energy and futures companies. The Brent crude futures contract, its benchmark contract, was launched in 1988. ICE Futures is based in London, England. Approximately one-third of ICE's employees, including regulatory, compliance, sales and marketing staff, are located in the United Kingdom, along with significant technology infrastructure relating to the operation of its electronic markets.

ICE's Business

ICE's marketplace is globally accessible, promotes price transparency and offers participants the opportunity to trade a variety of energy products. Its key products include contracts based on crude or refined oil, natural gas and power. Its derivative and physical products provide participants with a means for managing risks associated with changes in the prices of these commodities, asset allocation, ensuring physical delivery of select commodity products, speculation and arbitrage. The majority of its trading volume is financially, or cash, settled, meaning that settlement is made through cash payments based on the value of the underlying commodity, rather than through physical delivery of the commodity itself.

ICE operates its business in three distinct markets: futures markets, OTC markets and market data markets. ICE operates its futures markets through its regulated subsidiary, ICE Futures, a Recognized Investment Exchange based in London, which has gained recognition from the Financial Services Authority, the regulatory authority that governs, among other things, commodities futures exchanges in the United Kingdom, in accordance with the terms of the Financial Services and Markets Act of 2000. Futures markets offer trading in standardized derivative contracts and OTC markets offer trading in over-the-counter, or off-exchange, derivative contracts, including contracts that provide for the physical delivery of an underlying commodity and contracts that provide for financial settlement based on the prices of underlying commodities. All futures and cleared OTC contracts are cleared through a third party central clearinghouse. ICE offers OTC contracts that can be traded on a bilateral basis and certain OTC contracts that can be traded on a cleared basis. Bilateral contracts are settled between counterparties, while cleared contracts are novated to a clearinghouse, where they are marked to market and margined daily before final settlement at expiration. ICE does not take proprietary trading positions in derivatives contracts on commodities and other financial instruments in its markets. ICE also offers a variety of market data services for both futures and OTC markets through ICE Data, its market data subsidiary.

ICE operates its futures and OTC markets exclusively on its electronic platform. It believes that electronic trading offers substantial benefits to its market participants. In contrast to alternate means of trade execution, such as a physical trading floor and telephones, market participants executing trades electronically on ICE's platform are able to achieve price improvement and cost efficiencies through greater transparency and firm posted prices, reduce trading errors and eliminate the need for market intermediaries. In addition to trade execution, ICE's electronic platform offers a comprehensive suite of trading-related services, including electronic trade confirmation, access to clearing services and risk management functionality. ICE's trading-related services are designed to support the trading operations of its participants. Through its electronic platform, ICE facilitates straight-through processing of trades, with the goal of providing seamless integration of front-, back- and mid-office trading activities.

Table of Contents

The following diagram illustrates the range of services ICE is able to offer through its electronic platform:

Futures Business

ICE Futures operates as a Recognized Investment Exchange in the United Kingdom, where it is regulated by the Financial Services Authority. ICE Futures was founded in 1980 as a traditional open-outcry auction market by a group of leading energy and trading companies. Today, ICE Futures operates exclusively as an electronic marketplace. Trades in ICE Futures markets may only be executed in the name of exchange members for the members own account or their clients account. ICE Futures members and their customers include many of the world s largest energy companies and leading financial institutions.

In ICE Futures markets, it offers trading in the ICE Brent Crude futures contract, a benchmark contract relied upon by certain large oil producing nations to price their oil production. Brent crude is sourced from the North Sea. In February 2006, ICE Futures introduced a West Texas Intermediate, or WTI, futures contract, which is a benchmark crude oil contract based on delivery in Cushing, Oklahoma in the United States. The ICE Gas Oil futures contract is a leading benchmark for the pricing of a range of traded refined oil products outside the United States. ICE believes that market participants are increasingly relying on the ICE Brent Crude contract for their hedging and risk management activities, as evidenced by steady increases in traded volumes over the past several years. In addition, the use of a broad range of energy contracts as risk mitigation tools and financial investment instruments have increased participation in ICE s energy markets. ICE earns fees from both parties to each futures contract (or option on a futures contract) traded in its markets, based on the number of contracts traded.

OTC Business

In ICE s OTC business, it operates OTC markets through its globally accessible electronic platform. ICE offers trading in thousands of OTC contracts, which cover a broad range of energy products and contract types. These products include derivative contracts as well as contracts that provide for physical delivery of the underlying commodity, in each case principally relating to natural gas, power and oil. ICE is able to offer a wide selection of derivative contracts in its OTC markets due to the availability of various combinations of commodities, product types, hub locations and terms or settlement dates for a given contract. ICE s participants, representing many of the world s largest energy companies, leading financial institutions and proprietary trading firms, as well as natural gas distribution companies and utilities, rely on its platform. As of September 30, 2006, ICE had thousands of active screens at over 1,100 OTC participant firms, and on a typical trading day, over 5,800 individual screen users connect to its platform.

In order to provide participants with access to centralized clearing and settlement, ICE introduced the industry s first North American cleared natural gas and oil OTC contracts in March 2002, and introduced its first cleared OTC power contracts in November 2003. ICE s most liquid OTC markets include contracts that can be

Table of Contents

traded bilaterally or cleared. In February 2006, ICE announced plans to introduce additional cleared contracts on its OTC markets in 2006, and to date it has launched over 50 new cleared OTC contracts in 2006. ICE has also launched two new cash-settled futures products, the ICE New York Harbor Unleaded Gasoline Blendstock, or RBOB, futures contract and the ICE New York Harbor Heating Oil futures contract. During the year ended December 31, 2005, 62.0 million contracts were traded on ICE's OTC markets with an aggregate notional value of \$1.6 trillion, of which 47.4 million contracts were cleared, representing \$1.2 trillion in aggregate notional value.

Revenues in ICE's OTC business are generated primarily through commission fees earned for trades executed on its platform and for the provision of electronic trade confirmation services. While ICE charges a monthly minimum commission fee for access to its platform, it derives a substantial portion of its OTC revenues from commission fees paid for trade execution in excess of the monthly minimum volume requirements. ICE's OTC commission rates vary by product and contract, and it charges a fixed commission rate based on the volume of commodity underlying the contract traded. Commission fees are payable by both parties to a contract and, for bilateral trades, are due generally within 30 days of the invoice date. For cleared OTC contracts, LCH.Clearnet collects ICE's commission fees as they are incurred and pays these fees to ICE in full on a monthly basis. ICE does not risk its own capital in transactions or extend credit to market participants.

Market Data Business

ICE Data was established in 2002 to meet the growing demand for objective, transparent and verifiable energy market data. ICE Data compiles and repackages trading data derived from trade activity on ICE's platform into information products that are sold to a wide customer base extending beyond ICE's core trading community.

ICE's information services cover both the futures and OTC markets and include publication of daily indices, access to historical pricing data, view only access to the platform, end of day settlements and pricing data sets as well as a service that involves the validation of participants' own mark valuations.

With respect to the futures markets, ICE's primary market data revenue streams are derived from the redistribution of real-time and historic futures prices through over 50 data vendors. These vendors in turn distribute this information to end users either directly or through sub-vendors to tens of thousands of subscriber terminals. These vendors and sub-vendors include Bloomberg, CQG, Interactive Data Corporation and Reuters. In addition to the use of redistributors, ICE Data also sells ICE's real-time price data direct to end subscribers in a view-only version of WebICE and through ICE's EnergyLive service. WebICE is a web-based desktop service that allows subscribers to view every bid, offer and trade as well as depth of market across all of the North American power and gas commodity markets traded on ICE's platform. EnergyLive provides technical analysis and news coverage from Dow Jones news. Since ICE's shift to becoming an exclusively electronic exchange in April 2005, its pricing data is increasingly differentiated to those of floor based exchanges in that ICE is able to offer market depth data to subscribers via its WebICE platform.

In contrast, ICE sells OTC market data directly to end users without the use of redistributors. ICE believes that its data is precise, comprehensive and unbiased due to the automated manner in which its electronic platform gathers the data from actual transactions. Its gas and power indices are based solely upon auditable transaction data derived from data on actual OTC trades executed in its markets. Therefore, this information is not affected by subjective estimation or selective polling. ICE believes that market participants value the depth and precision and transparency of its market data and that this value is likely to increase if its liquidity continues to grow. ICE continues to evaluate opportunities to realize the value of this raw data.

ICE's Competitive Strengths

ICE has established itself as the leading electronic marketplace for combined global futures and OTC energy commodities trading by leveraging a number of key strengths, including:

highly liquid global markets and benchmark contracts;

leading electronic energy trading platform;

Table of Contents

integrated access to futures and OTC markets;

highly scalable, proven technology infrastructure;

transparency and independence; and

strong value proposition.

Highly Liquid Global Markets and Benchmark Contracts

ICE offers liquid markets in a number of the most actively traded global energy commodities products. It operates the leading market for trading in Brent crude futures, as measured by the volume of contracts traded in 2005. The ICE Brent Crude futures contract that is listed by ICE Futures is a leading benchmark for pricing light, sweet crude oil produced and consumed outside of the United States. Similarly, the ICE Gas Oil futures contract is a leading benchmark for the pricing of a range of refined oil products outside the United States. ICE also operates the leading market for trading in cleared OTC Henry Hub natural gas contracts, with 67.9 million contracts traded for the nine months ended September 30, 2006 and 42.8 million contracts traded for the year ended December 31, 2005, compared to 19.8 million and 10.4 million cleared OTC Henry Hub natural gas contracts traded by ICE's nearest competitor during the same periods. The Henry Hub natural gas market is the most liquid natural gas market in North America. ICE believes that its introduction of cleared OTC products has enabled it to attract significant liquidity in the OTC markets it operates.

The following table shows the number and notional value of commodities futures contracts traded in ICE's futures and OTC markets. The notional value of contracts represents the aggregate value of the underlying commodities covered by the contracts.

	Nine Months Ended September 30,				Year Ended December 31,			
	2006		2005		2005		2004	
	Number of	Notional	Number of	Notional	Number of	Notional	Number of	Notional
	Contracts	Value	Contracts	Value	Contracts	Value	Contracts	Value
	(In thousands)	(In billions)	(In thousands)	(In billions)	(In thousands)	(In billions)	(In thousands)	(In billions)
ICE Brent Crude futures	32,080	\$ 2,199.4	22,287	\$ 1,236.9	30,412	\$ 1,712.5	25,458	\$ 955.3
ICE Gas Oil futures	12,961	784.1	7,772	393.1	10,972	569.1	9,356	318.4
ICE WTI Crude futures	18,528	1,301.3						
ICE Natural Gas futures	436	42.3	319	21.0	444	37.7	649	33.7

	Nine Months Ended September 30,				Year Ended December 31,			
	2006		2005		2005		2004	
	Number of	Notional	Number of	Notional	Number of	Notional	Number of	Notional
	Contracts	Value	Contracts	Value	Contracts	Value	Contracts	Value
	(In thousands)	(In billions)	(In thousands)	(In billions)	(In thousands)	(In billions)	(In thousands)	(In billions)
North American natural gas	85,425	\$ 1,620.1	39,441	\$ 802.1	55,524	\$ 1,300.4	25,574	\$ 388.2
North American power	4,286	206.6	2,380	115.4	3,145	165.1	1,683	62.5
Global oil	2,632	78.0	2,601	73.9	3,320	101.6	3,580	62.3

Leading Electronic Energy Trading Platform

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ICE's leading electronic trading platform provides centralized and direct access to trade execution for a variety of energy products. ICE operates its futures and OTC markets exclusively on its electronic platform. Its

Table of Contents

electronic platform has enabled it to attract significant liquidity from traditional market participants as well as new market entrants seeking the efficiencies and ease of execution offered by electronic trading. ICE has developed a significant global presence with thousands of active screens at over 1,100 OTC participant firms and over 780 futures participant firms as of September 30, 2006.

Integrated Access to Futures and OTC Markets

ICE attributes the growth in its business in part on its ability to offer qualified market participants integrated access to futures and OTC markets. ICE's integrated and electronic business model allows it to respond rapidly to its participants' needs, changing market conditions and evolving trends in the markets for energy commodities trading by introducing new products, functionality and increased access for energy market participants. ICE believes that its demonstrated ability to develop and launch new products for both the futures and OTC markets provides it with several competitive advantages, including:

Multi-Product Trading: ICE operates a globally accessible platform that offers qualified market participants a seamless interface between trading in futures products, options on those futures and a broad range of OTC products. By offering trading in multiple markets and products ICE provides its participants with maximum flexibility to implement their trading and risk management strategies.

Multiple Access Options: ICE's participants access its marketplace through a variety of means, including through its electronic trading platform, proprietary front-end systems, independent software vendors and brokerage firms. Independent software vendors allow market participants to access multiple exchanges through a single interface, which is integrated with the participants' risk management systems.

Cleared and Bilateral OTC Trading: In March 2002, ICE was the first marketplace in North America to introduce cleared OTC energy contracts. ICE believes that the introduction of cleared energy contracts in the OTC markets it operates has attracted new participants to its OTC markets by reducing bilateral credit risk and by improving capital efficiency. Today, its participants can trade bilateral and cleared contracts side-by-side on its platform.

Highly Scalable, Proven Technology Infrastructure

ICE's electronic trading platform provides rapid trade execution and is, it believes, one of the world's most flexible, efficient and secure systems for commodities trading. ICE has designed its platform to be highly scalable meaning that it can expand capacity and add new products and functionality efficiently at relatively low cost and without disruption to its markets. Its platform can also be adapted and leveraged for use in other markets, as demonstrated by the decision of the Chicago Climate Exchange to operate its emissions-trading market on ICE's platform. ICE believes that its commitment to investing in technology to enhance its platform will continue to contribute to the growth and development of its business.

Transparency and Independence

ICE offers market participants price transparency meaning a complete view of the depth and liquidity of its markets through its electronic platform. This is in contrast to the lack of transparency of traditional open-outcry exchanges and voice-brokered markets. All orders placed on ICE's platform are executed in the order in which they are received, ensuring that all participants have equal execution priority. In addition, ICE's transparent electronic markets facilitate regulation through increased market visibility and the generation and maintenance by its system of complete and confidential records of all transactions executed in its markets.

ICE's board of directors is structured to be independent from its participants and trading activity on its electronic platform, which allows its board to act impartially in making decisions affecting trading activity. In contrast, many of its competitors are governed by their members or other market participants. ICE believes that its governance structure promotes shareholder value and the operation of fair and efficient markets. ICE also

Table of Contents

believes that it allows for greater flexibility to introduce new products and services, and to evaluate and pursue growth opportunities while ensuring impartial treatment for its participants. In addition, ICE does not participate as a principal in trading activities on its platform, which allows it to avoid potential conflicts of interest that could arise from engaging in trading activities while operating its marketplace.

Strong Value Proposition

ICE believes that, by using its electronic platform, market participants benefit from price transparency and can achieve price improvement over alternate means of trading. Electronic trade execution offers time and cost efficiencies by providing firm posted prices and reducing trade-processing errors and back office overhead, and allows ICE to accelerate the introduction of new products on its platform. The combination of electronic trade execution and integrated trading and market data services facilitates automation by ICE's participants of all phases of trade execution and processing from front-office to back-office, and ranging from trading and risk management to trade settlement. In addition, in ICE's futures business, eligible participants who become members may trade directly in its markets by paying a maximum annual membership fee of approximately \$11,000 per year. In contrast, on NYMEX, which is ICE's principal competitor, participants are required to purchase a seat on the exchange before they are eligible to trade directly or gain membership in the exchange, the cost of which is substantial (approximately \$780,000 based on a November 1, 2006, NYMEX seat sale price). While a seat conveys a right of ownership and other benefits to its member, it poses a significant barrier to gaining direct access to certain futures exchange markets that are owned by members.

ICE's Growth Strategy

ICE seeks to advance its leadership position by focusing its efforts on the following key strategies for growth:

Attract New Market Participants

In recent years, ICE's participant base has expanded and diversified due to the emergence of new participants in the energy commodities markets. These new participants range from producers and consumers of commodities to financial services companies, such as investment banks, hedge funds, proprietary trading firms and asset managers that are increasingly seeking to engage in hedging, trading and risk management strategies within the energy sector. Many of these participants have been attracted to the energy markets in part due to the availability of electronic trading. ICE intends to continue to expand its participant base by targeting these and other new market participants and by offering electronic trade execution and processing capabilities that meet the risk management requirements of a broad range of market participants.

Increase Connectivity to ICE's Marketplace

ICE's participants may access its electronic platform for trading in its futures markets through its Internet-based front-end or through the front-end systems developed by any of 12 independent software vendors. These represent a substantial portion of the independent software vendors that serve the commodities futures markets. Furthermore, participants in ICE's futures markets can access its platform directly through their own proprietary interfaces or through a number of member brokerage firms. Qualified participants may access ICE's OTC markets through its Internet-based front-end or, in the case of some of ICE's most liquid markets, through a recognized independent software vendor. ICE intends to extend its initiatives in this area by continuing to establish multiple points of access with its existing and prospective market participants.

Expand ICE's Market Data Business

ICE will continue to leverage the value of the market data derived from its trade execution, clearing and confirmation system by developing enhancements to its existing information services and creating new market data products. ICE also publishes daily transaction-based indices for the North American spot natural gas and

Table of Contents

power markets based on data collected from trading activity on its platform. In addition, ICE sells real-time and historical futures quotes and other futures market data through over 50 data vendors that distribute this information, directly and through various sub-vendors, to tens of thousands of subscribers around the world. ICE believes that the database of information generated by its platform serves as the single largest repository of energy market data. As a result of the breadth of ICE's global data offerings, it believes that it is well positioned to meet the growing demand for increased availability of energy market data.

Develop New Trading Products and Services

ICE continually develops and launches new products designed to meet market demand and the needs of its participants. In February 2006, it successfully launched the ICE WTI Crude futures contract. The addition of WTI crude futures to ICE Futures' suite of energy futures and options contracts brings the world's two most significant light, sweet crude oil benchmarks together on ICE's trading platform. WTI is the leading benchmark for crude prices in the United States, and Brent is the leading benchmark for pricing crude and refined products produced and consumed outside of the United States. The ICE WTI Crude futures contract has achieved significant volumes since its launch in February 2006, reaching a record high of 243,685 contracts traded on September 12, 2006 out of a record total of 640,599 futures contracts traded on ICE's platform on that date. In February 2006, ICE announced plans to introduce additional cleared contracts on its OTC markets in 2006. To date, ICE has launched over 50 new cleared OTC contracts in 2006. ICE has also launched two new cash-settled futures products, the ICE New York Harbor Unleaded Gasoline Blendstock, or RBOB, futures contract and the ICE New York Harbor Heating Oil futures contract.

Pursue Select Strategic Opportunities

ICE is actively exploring and evaluating strategic acquisitions and alliances to strengthen its current business and grow the company. It intends to pursue strategic transactions and may acquire other businesses, products or technologies to expand its products and services, advance its technology or take advantage of new developments and potential changes in its industry. Strategic transactions may involve acquiring or making a strategic investment in an existing clearinghouse to provide services directly to participants in ICE's futures and OTC markets or establishing ICE's own clearinghouse, or acquiring or entering into agreements with businesses complementary to its market data business or businesses that offer risk management or other complementary services. Any such transactions could happen at any time, could be material to its business and could take any number of forms. There are risks associated with such transactions, including risks associated with the level of required financing, the impact on ICE's stock price and the demands on ICE's management.

ICE's Products and Services

ICE seeks to provide its participants with centralized and direct access to the futures and OTC markets for price discovery and electronic trade execution as well as access to services that support their trading activities. The primary services ICE provides are electronic price discovery, trade execution and trade processing. ICE also offers a broad range of market data services for the futures and OTC markets.

Futures Trading

ICE offers trading in futures contracts and options on those contracts through its regulated subsidiary, ICE Futures. These include the ICE Brent Crude futures contract, the ICE Gas Oil futures contract, the ICE UK Natural Gas futures contract, the ICE UK Electricity futures contract, and options based on the ICE Brent Crude and ICE Gas Oil futures contracts. In February 2006, ICE introduced the ICE WTI Crude futures contract. The ICE Brent Crude futures contract is based on forward delivery of the Brent light, sweet grade of crude oil and is a leading benchmark used to price a range of traded oil products. The ICE Gas Oil futures contract is a European heating oil contract and serves as a significant pricing benchmark for refined oil products particularly in Europe, Asia and the Middle East.

Table of Contents

ICE's futures markets are highly regulated. As a Recognized Investment Exchange, ICE Futures is responsible for carrying out certain regulatory and surveillance functions. ICE Futures has its own regulatory, compliance and market supervision functions, as well as a framework for disciplining market participants who do not comply with exchange rules. Any information that ICE Futures obtains in its regulatory capacity is confidential and accessible only by a select group within ICE Futures. Trading in ICE's futures markets is segregated on its platform from ICE's OTC markets.

ICE offers trading in each of its futures products exclusively in its electronic markets following the closure of the open-outcry floor on April 7, 2005. ICE provides access to trading its ICE Brent Crude and ICE Gas Oil futures contracts and options on such futures contracts on business days on its electronic platform continuously for 22 hours from 12:00 a.m. to 10:00 p.m. on Mondays, and then for 21 hours from 1:00 a.m. to 10:00 p.m. daily, Tuesday through Friday (GMT). In its other utility futures contracts and options on utility futures contracts and in its emissions futures contracts, ICE provides access on business days from 7:00 a.m. to 5:00 p.m. daily, Monday through Friday (GMT).

Electronic trading of ICE's futures products is available to members and their customers. Following the migration of ICE's remaining open-outcry futures trading activity to its electronic platform and the closure of the exchange floor on April 7, 2005, ICE's futures membership structure consists solely of members eligible to trade electronically.

Members may access ICE's trading platform directly via the Internet, through private telecommunication lines, through an independent software vendor or through a member's own conformed front-end system. Customers of ICE's members may obtain order-routing access to its markets through members. Once trades are executed on ICE's platform, they are matched and forwarded to a trade registration system that routes them to LCH.Clearnet for clearing and settlement. Electronic trading allows some participants who might traditionally have transmitted orders by telephone to a broker to execute their orders electronically. However, participants may also continue to use the services of a broker.

ICE has taken a number of steps to increase the accessibility and connectivity of its electronic platform, including opening its electronic platform to independent software vendors and allowing members to develop their own conformed front-end system. Futures traders use either ICE's proprietary software interface, or another front-end system provided by an independent software vendor or an ICE Futures member for the purpose of accessing ICE's futures markets. ICE does not charge a fee to customers who choose to utilize its proprietary software interface. Independent software vendors' systems are linked to its electronic platform via its open application programming interfaces. ICE's participants can currently access its platform using 12 independent software vendors. ICE does not depend on the services of any one independent software vendor for access to a significant portion of its participant base.

ICE has made a number of additions to the functionality of its electronic platform in order to facilitate trading in futures contracts, including spread functionality, which allows trades of certain types to imply prices from one contract month to another, the use of formula-based spreadsheet tools and the development of administrative and monitoring tools for use by its staff.

OTC Trading

ICE's electronic platform offers real-time access to, and transparency of, the liquidity in its OTC markets meaning the complete range of bids, offers and volumes posted on its electronic platform. ICE's platform displays a live ticker for all contracts traded in its OTC markets and provides information relating to each trade, such as the cumulative weighted average price and transacted volumes by contract. ICE offers fast, secure and anonymous trade execution services, which it believes generally are offered at a lower cost compared with traditional means of execution.

Table of Contents

ICE's electronic platform provides trade execution on the basis of extensive, real-time price data where trades are processed accurately, rapidly and at minimal cost. ICE has designed its electronic platform to ensure the secure, high-speed flow of data from trading desks through the various stages of trade processing. Participants executing in its markets benefit from straight-through processing whereby trades are automatically confirmed and routed to back office departments and risk management systems. ICE believes that the broad availability of real-time OTC energy market access and data, together with the availability of cleared OTC contracts at the same price as bilateral products, has allowed ICE to achieve a critical mass of liquidity in its OTC markets. The following diagram illustrates the processing of an OTC trade from order entry to recording in a company's risk management system. This process, depicted below, typically occurs within a matter of seconds.

OTC Products Overview. ICE offers market participants a wide selection of derivative contracts, as well as contracts for physical delivery of commodities, to satisfy their trading objectives, whether they relate to risk management, asset allocation, physical consumption or production, speculation or arbitrage. ICE offers trading in over 15,200 unique contracts as a result of the availability of various combinations of products, locations and strips meaning the duration or settlement date of the contract. Excluding the strip element, over 840 unique contracts based on products and hub locations were traded in ICE's OTC market in 2005. A substantial portion of the trading volume in its OTC markets relates to approximately 15-20 highly liquid contracts in natural gas, power and oil. For these contracts, the highest degree of market liquidity resides in the prompt, or front month, contracts, whereas that liquidity is reduced for contracts with settlement dates further out, or the back months.

In addition, ICE offers trading in a wide range of complementary niche contracts. The scalability and flexible structure of its electronic trading platform makes the introduction of these contracts quick, efficient and relatively low cost. ICE's platform also allows it to offer the high degree of both product and credit customization that the OTC participant demands to satisfy requirements and preferences.

ICE characterizes the range of instruments that participants may trade in its markets in this prospectus/proxy statement by reference to type of commodity (such as global oil, North American power, North American gas, etc.), products (such as forwards and swaps, differentials and spreads, and OTC options) and contracts (meaning products specified by delivery dates). For a discussion of these instruments generally, see Industry General. The OTC products available for trading in ICE's markets fall into the following general contract types:

Forwards and Swaps: ICE offers forward contracts on products in the following commodities: North American power, European power and global precious metals. It offers swaps in the following commodities: global oil, North American power, North American gas, European gas and European power.

Differentials and Spreads: ICE offers basis trades in various natural gas markets, such as the Chicago pipeline basis swap (settled against the NGI index). It offers spreads in the following commodities markets: global oil, North American natural gas and North American power.

Options: ICE offers options on contracts in the following commodities: global oil and North American gas.

Table of Contents

The following table indicates the number of unique commodities, products and contracts traded in ICE's OTC business for the periods presented:

	Nine Months Ended		Year Ended December 31,		
	September 30, 2006	2005	2005	2004	2003
Commodities markets traded	7	8	9	9	10
Products traded	922	708	843	742	721
Contracts traded	12,807	10,387	15,264	13,654	13,812

Cleared OTC Contracts. ICE developed the concept of cleared OTC energy contracts, which provide participants with access to centralized clearing and settlement arrangements through LCH.Clearnet. ICE introduced the first cleared OTC natural gas and crude oil contracts in North America in March 2002 and it first introduced cleared OTC power contracts in November 2003. As of September 30, 2006, it listed 40 cleared natural gas contracts, 35 cleared power contracts and 9 cleared oil contracts, all of which are financially settled. Transaction fees derived from trade execution in cleared OTC contracts were \$83.7 million and \$58.4 million for the nine months ended September 30, 2006 and for the year ended December 31, 2005, respectively, and represented 70.9% and 69.3% of its total OTC revenues for the nine months ended September 30, 2006 and during the year ended December 31, 2005, respectively, net of intersegment fees.

The introduction of cleared OTC contracts has reduced bilateral credit risk and the amount of capital ICE's participants are required to post on each OTC trade, as well as the resources required to enter into multiple negotiated bilateral settlement agreements to enable trading with other counterparties. In addition, the availability of clearing through LCH.Clearnet for both OTC and futures contracts traded in ICE's markets enables its participants to cross-margin their futures and OTC positions meaning that a participant's position in its futures or OTC trades can be offset against each other, thereby reducing the total amount of capital the participant must deposit with the futures commission merchant clearing member of LCH.Clearnet. LCH.Clearnet, like other clearinghouses, provides direct clearing services only to its members. In order to clear transactions executed on ICE's platform, a participant must therefore either be a member of LCH.Clearnet itself, or have an account relationship with a futures commission merchant that is a member of LCH.Clearnet. Futures commission merchants clear transactions for participants in substantially the same way they clear futures transactions for

Table of Contents

customers. Specifically, each futures commission merchant acts as the conduit for payments required to be made by participants to the clearinghouse, and for payments due to participants from the clearinghouse.

OTC contracts are available for trading on the same screen and are traded in the same price stream, and are charged the same commission rate, as bilaterally traded contracts. In a cleared OTC transaction, LCH.Clearnet acts as the counterparty for each side to the trade, thereby reducing counterparty credit risk in the traditional principal-to-principal OTC markets. However, participants to cleared trades also pay a clearing fee directly to LCH.Clearnet and to a futures commission merchant. There are currently over 40 futures commission merchants clearing transactions for over 2,100 screens active in ICE's cleared OTC markets. Participants have the option to trade on a bilateral basis with the counterparty to avoid paying fees to LCH.Clearnet and a futures commission merchant subject to the availability of bilateral credit with the counterparty. While ICE derives no revenue directly from providing access to these clearing services, it believes the availability of clearing services and attendant improved capital efficiency has attracted new participants to the markets for energy commodities trading.

ICE extended the availability of its cleared OTC contracts to voice brokers in its industry through its block trading facility, which was launched in March 2004. Block trades are those trades executed in the voice broker market, typically over the telephone, and then transmitted to ICE electronically for clearing. ICE charges participants 50% of its standard commission fee for block trades. ICE believes that its block trading facility is a valuable part of its cleared business as it serves to expand its open interest. As of September 30, 2006, open interest in its cleared OTC contracts was 3.0 million contracts in North American natural gas and power, and global oil. 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.

OTC Trade Execution Services

ICE offers a broad range of automated OTC trade execution services, including straight-through trade processing, electronic trade confirmation and risk management functionality.

Automated Trade Execution Services Straight-Through Trade Processing. ICE's electronic platform offers the following features:

Viewing Live Markets: Traders may view all live, firm quotes posted by other traders in ICE's markets.

Counterparty, Credit and Risk Management Screening: Quotes visible to a participant's traders on the screen are color-coded. One color indicates that quotes have originated from parties other than that participant. Another color indicates whether or not particular quotes meet counterparty, credit and risk management criteria established by the participant's risk management personnel.

Instant Messaging: ICE's instant messaging service allows participants to communicate directly with others in its markets on a secure, anonymous and real-time basis.

Simple Click Execution: Traders may act on a bid or an offer with one or more clicks of a mouse or use of a shortcut key programmable set-up.

Order Matching: Once an order is placed by a participant's trader, it is automatically matched with a quote meeting the participant's counterparty, credit and risk management criteria at the best available price. If there are two quotes at the same price, priority goes to the one that was entered first. Orders are matched on an anonymous basis.

Application Programming Interfaces: ICE's application programming interfaces allow participants to build their own customized front office trading systems, which can be linked to ICE's platform, thereby enabling high speed data flow to their trading desk and back through to their risk management, settlement and accounting systems.

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Automated Spreadsheet Trading: Participants may send orders to, and execute trades on, ICE's platform using their own proprietary formulas and strategies without the use of ICE's application programming interfaces or any code level programming.

Table of Contents

Trade Reporting: A confirmation is automatically transmitted to each party to a trade.

Order Monitoring and Deal Surveys: Traders are able to monitor and manage the status of all bids and offers that they have entered on ICE's platform.

Electronic Invoicing: ICE's platform generates electronic invoices detailing the fees and trading commissions due from each participant.

Electronic Trade Confirmation Services. ICE's electronic trade confirmation system is accessible through its website or through its application programming interfaces and offers market participants a reliable, low-cost automated alternative to manual trade verification and confirmation. When trading on a traditional exchange or through OTC voice brokers, market participants typically manually prepare and exchange paper confirmations evidencing a trade following execution in order to create a legal record of the trade. ICE believes that this process tends to result in increased back office costs, delay and risk of human error.

ICE's electronic trade confirmation system reviews electronic trade data received from individual traders, screens and matches this data electronically, then highlights any discrepancies in a report to the traders' respective back offices. This allows back office personnel to focus primarily on those trades that require correction and verification, rather than also reviewing the larger percentage of trades without discrepancies. If discrepancies arise, they may be resolved between the counterparties, after which an electronic confirmation of the trade is issued. Where no discrepancies are reported, use of this service eliminates the need for telephonic verification of trade data. Participants using this service may elect to use this confirmation as the official record of the transaction in place of the fax or telex traditionally generated by participants' back offices.

Both participants and third parties may use this service to confirm trades in products commonly traded in the energy and metals markets. ICE's electronic trade confirmation service accepts data from trades executed on its platform, through other exchanges or trading facilities or through OTC voice brokers. ICE believes that the convenience and cost savings offered by its electronic trade confirmation service could attract new participants to its platform, increasing the revenues that it derive from transaction fees.

OTC Risk Management Functionality. One of the features of ICE's platform is its risk management functionality. Trades in the OTC commodities markets historically have been executed as bilateral contracts in which each counterparty bears the credit and/or delivery risk of the other and typically require that an existing bilateral Master Agreement be in place with the other counterparty. Participants may pre-approve trading counterparties and establish parameters for trading with each counterparty in advance of doing so, thereby enforcing internal risk management policies. Participants may set firm-wide limits on tenor (duration) and the total daily value of trades that its traders may conduct with a particular counterparty, in a particular market. In addition, participants are offered a limited view of the parameters established for that participant by other market participants and may negotiate in real-time with potential counterparties through its instant messaging service. ICE does not assess the creditworthiness of, or determine trading parameters for, any participant that trades on its platform and it does not derive revenues directly from its risk management tools.

Market Data Services

Through ICE Data, ICE generates market information and indices based primarily upon auditable transaction data derived from actual bid and offer postings and trades executed in its markets. Therefore, this information is not affected by subjective estimation or selective polling, the methodologies that currently prevail in the OTC markets. Each trading day, ICE delivers proprietary energy market data directly from its OTC market to the desktops of thousands of market participants.

ICE Daily Indices. ICE Data publishes ICE daily indices for its spot natural gas and power markets with respect to over 90 of the most active gas hubs and 40 of the most active power hubs in North America. In 2005, ICE Data was recognized by the Federal Energy Regulatory Commission as the only publisher of natural gas and

Table of Contents

power indices to fully comply with all of the natural gas and power index publishing standards identified in its Policy Statement on Price Indices. ICE Data transmits ICE's daily indices via e-mail to approximately 9,500 energy industry participants on a complimentary basis each trading day. In the future, ICE may begin charging recipients for what it believes is increasingly valuable data.

View Only. For both ICE's futures and OTC markets, ICE offers view only access to market participants who are not active traders, but who still require access to real-time prices of physical and financial energy derivative contracts. Typical view only access subscribers include marketers, industrial end-users, utilities, analysts, municipalities and regulatory agencies. For ICE's futures market, it also offer view only access combined with analytical functionality through EnergyLive. EnergyLive provides a real-time view of the futures markets and also the ability to chart both historically and in real-time any of the futures contracts listed on the platform. Typical subscribers include energy analysts, gas producers/consumers/marketers, utilities, industrial users (auto manufacturers, sugar companies, food and beverage companies etc.) and energy brokers.

OTC End of Day Report. The OTC ICE Data end of day report is a comprehensive electronic summary of trading activity in ICE's OTC markets. The report is published daily at 3:00 p.m. Eastern time and features indicative price statistics, such as last price, high price, low price, total volume, volume-weighted average price, best bid, best offer, closing bid and closing offer, for all natural gas and power contracts that are traded or quoted on ICE's platform. The end of day report also provides a summary of every transaction, which includes the price, the time stamp and an indication of whether a bid was hit or an offer was lifted.

Futures End of Day Report. Through ICE Futures' end of day reports customers can subscribe to receive snapshot end of day and historical futures prices. This information provides a broad view of market activity on the platform. This information is sold as various subscription based products.

Futures Indices. ICE Futures indices are provided at no charge. Indices are used by a wide variety of industry participants and include indices for Brent crude, gas oil, natural gas, UK electricity and emissions.

Data Distributors (Quote Vendors). ICE provides its futures data in real-time to data distributors (commonly called quote vendors, or QVs). These companies such as Bloomberg or Reuters then package this data into real-time, tick, intra-day, delayed, end of day and historical data packages. The real-time packages are accessed on a subscription basis and the appropriate exchange fee is paid for each user/screen taking ICE Futures data. ICE charges each QV a license fee on an annual basis for the permission to distribute the ICE Futures market data to their individual subscribers.

Market Price Validation Service. ICE Data market price validation, or MPV, service provides independent, consensus forward curve and option values for long-dated global energy contracts on a monthly basis. On the last business day of each month, MPV service participant companies, representing the world's largest energy and commodities trading entities, submit their month-end forward curve and option prices for over 200 global energy and commodity contracts. ICE audits and cleanses these submissions to create consensus forward curve and option values that are then published for the benefit of participating companies. MPV service participants use these consensus values to validate internal forward curves, mark-to-market their month-end portfolios and establish profit and loss valuations in accordance with FASB and IAS recommendations concerning the treatment and valuation of energy derivative contracts.

ICE's Participant Base

Futures Business Participant Base

Participants currently trade in ICE Futures' markets, either directly as members or through a member. The participant base in ICE Futures business is globally dispersed, although ICE believes a significant proportion of its participants are concentrated in major financial centers in North America, the United Kingdom, Continental Europe and Asia. ICE has obtained regulatory clearance or received legal advice confirming that there is no legal

Table of Contents

or regulatory impediment for the location of screens for electronic trading in its futures markets in 44 jurisdictions, including the United States, Singapore, Japan and most of the member countries of the European Union. Like its OTC participant base, its participant base in its futures business has grown significantly since it acquired ICE Futures in 2001. Memberships in its futures markets increased by 26.6% to 119 members for the nine months ended September 30, 2006 and 54.1% for the year ended December 31, 2005 in response to the addition of exclusive electronic trading hours and demand for an electronically-traded crude oil benchmark, its ICE Brent Crude futures contract.

The five most active clearing members of ICE Futures, which handle cleared trades for their own accounts and on behalf of their customers, accounted for 51.0%, 45.6%, 44.4% and 44.8% of ICE's futures business revenues, net of intersegment fees, for the nine months ended September 30, 2006 and for the years ended December 31, 2005, 2004 and 2003, respectively. Revenues from one member, Man Financial Limited, accounted for 14.5%, 13.3%, 14.7% and 17.4% of ICE's futures business revenues, net of intersegment fees, for the nine months ended September 30, 2006 and for the years ended December 31, 2005, 2004 and 2003, respectively. As a broker, a substantial part of Man Financial Limited's trading activity typically represents trades executed on behalf of its clients, rather than for its own account.

Trades in ICE's futures markets may only be executed in the name of an ICE Futures member for its own or others' accounts. In order to become an ICE Futures member, an applicant must complete an application form, undergo a due diligence review and execute an agreement stating that it agrees to be bound by ICE Futures regulations.

All futures trades executed on ICE's electronic platform are overseen by or attributable to responsible individuals. Each electronic member may register one or more responsible individuals, who are responsible for trading activities of both the member and its customers, and who are accountable to ICE Futures for the conduct of trades executed in the member's name. As of September 30, 2006, there were over 1,560 responsible individuals registered in ICE's futures market.

OTC Business Participant Base

ICE's OTC participants include some of the world's largest energy companies, financial institutions and other active contributors to trading volume in global commodities markets. They include oil and gas producers and refiners, power stations and utilities, chemical companies, transportation companies, banks, hedge funds and other energy industry participants. ICE's participant base is global in breadth, with traders located in 24 countries. The five most active trading participants together accounted for 24.2% of its OTC business revenues, net of intersegment fees, during the nine months ended September 30, 2006 and 24.4%, 22.9% and 26.0% of its OTC business revenues, net of intersegment fees, during the years ended December 31, 2005, 2004 and 2003, respectively. No participant accounted for more than 10% of ICE's OTC business revenues during the nine months ended September 30, 2006 or during the years ended December 31, 2005, 2004 or 2003.

Trading in ICE's OTC markets is not restricted to members, as with a traditional exchange. Rather, ICE generally accepts as a participant any party that qualifies as an eligible commercial entity, as defined by the CEA and rules promulgated by the CFTC. Eligible commercial entities must satisfy certain asset-holding and other criteria and include entities that, in connection with their business, incur risks relating to a particular commodity or have a demonstrable ability to make or take delivery of that commodity, as well as financial institutions that provide risk management or hedging services to those entities. In January 2003, ICE received approval from the CFTC that allows registered traders and locals with floor or electronic trading privileges on any regulated U.S. futures exchange to qualify as eligible commercial entities and therefore to execute OTC transactions on its platform for their own account. ICE also received approval in October 2004 from the CFTC permitting ICE Futures' registered brokers and local traders to transact in the OTC markets for their own accounts. This has allowed ICE Futures members and traders access to both the futures markets and the OTC markets on one screen.

Table of Contents

ICE requires each participant to execute a participant agreement, which governs the terms and conditions of its relationship with each participant and grants the participant a non-exclusive, non-transferable, revocable license to access its platform. While ICE generally establishes the same contractual terms for all of its users, in connection with its entry into new commodities markets, it has from time to time agreed to minor modifications to the terms of its participant agreement for trading in new products. ICE expects that any future services that it may introduce will also be covered by its participant agreement, as ICE generally has a unilateral right to amend its terms with advance notice. As the OTC markets mature and conventions change, ICE's participant agreement provides it with considerable flexibility to manage its relationship with its participants on an ongoing basis.

Market Data Participant Base

ICE's market data revenues are derived from a diverse customer base including the world's largest energy companies, leading financial institutions, proprietary trading firms, natural gas distribution companies and utilities, hedge funds and private investors. From an OTC perspective, a large proportion of its market data revenues are derived from sales of market data to companies executing trades on its platform. ICE also continues to see an increasingly diverse and expanding list of non-participant companies purchasing its data. The primary customer base for ICE's futures market data revenues are the market data redistributors themselves such as Bloomberg, CQG, Interactive Data Corporation or Reuters who redistribute ICE's real-time pricing data and remit to ICE a real-time exchange fee based on the users access to its data. For both OTC and futures market data, end users include individual speculators, corporate traders, risk managers, consultants and analysts.

Product Development

ICE leverages both its technology infrastructure and software development capabilities to diversify its products and services. New product development is an ongoing process that is part of the daily operation of its business. ICE is continually developing, evaluating and testing new products for introduction in its futures and OTC businesses. Its goal is to create innovative solutions in anticipation of, or in response to, changing conditions in the markets for energy commodities trading to better serve its expanding participant base. ICE also seeks to leverage its existing product base by developing new applications for their use. Substantially all of its product development relates to new contracts for trading in its markets. ICE generally is able to develop and launch new bilateral contracts for trading within a number of weeks. In contrast, because all cleared contracts traded in its markets are cleared and settled through LCH.Clearnet, it is required to collaborate with LCH.Clearnet with respect to a number of aspects of the development process. As a result, the investment of time and resources required to develop cleared products is greater than for bilateral contracts and may extend over a period of two months or more. In addition, new contracts in ICE's futures markets must be reviewed and approved by the Financial Services Authority, and possibly foreign regulators. After a particular product is launched, generally no modifications are required, as the specifications of a traded contract do not typically change. ICE does not incur separate, identifiable material costs in association with the development of new products—such costs are embedded in its normal costs of operation.

While ICE has historically developed its products and services internally, it also periodically evaluates its strategic relationships to try to identify whether any opportunities to develop meaningful new products and services exist in conjunction with third parties. If it believes its success will be enhanced by collaboration with a third party, it will enter into a licensing arrangement or other strategic relationship.

In support of its product development goals, ICE relies on the input of its product development, clearing, technology and sales teams, who it believes are positioned to discern and anticipate its participants' needs. In April 2005, ICE introduced trading in futures contracts linked to E.U. Emissions Allowances issued under the European Union's mandatory Emissions Trading Scheme. These contracts are offered in ICE's futures markets in conjunction with the European Climate Exchange, a subsidiary of the Chicago Climate Exchange. Also, in February 2006, ICE launched the ICE WTI Crude futures contract. The addition of WTI crude futures to ICE Futures' suite of energy futures and options brings the world's two most significant crude oil benchmarks

Table of Contents

together on ICE’s trading platform. WTI is the leading benchmark for crude prices in the United States, and Brent is the leading benchmark for pricing crude and refined products produced and consumed outside of the United States. ICE has also launched over 50 new cleared OTC contracts in 2006.

Technology

Technology is a key component of ICE’s business strategy, and one it regards as crucial to its success. ICE’s operation of electronic trading facilities for both futures and OTC markets has influenced the design and implementation of the technologies that support its operations. ICE currently employs a team of 81 experienced technology specialists, including project managers, system architects, software developers, performance engineers, systems and quality analysts, database administrators and website designers. ICE has established a track record of operating a successful electronic trading platform by developing and integrating multiple, evolving technologies that support substantial trading volume. The integrated suite of technologies that it employs has been designed to support a significant expansion of its current business and provides ICE with the ability to leverage its technology base into new markets and to develop new products and services rapidly and reliably.

As trading activity has increased, ICE has continued to improve matching engine performance and to add functionality as appropriate as ICE makes available to its participants trading in new markets and product types. ICE has adopted a modular approach to technology development and has engineered an integrated set of solutions that support multiple specialized markets. Significant investments in production planning, quality assurance and certification processes have enhanced ICE’s ability to expedite the delivery of the system enhancements that it develops for its participants. ICE’s electronic platform is accessible from anywhere in the world via the Internet. It also develops and operates other software components used to support mid and back office services such as clearing, market data and electronic confirmations. ICE’s clearing infrastructure is designed to be easily extendable to support integration with additional clearing interfaces. ICE currently support clearing integration to LCH.Clearnet, as well as to The Clearing Corporation for the purposes of clearing and settling the Chicago Climate Exchange markets as part of its provision of services to the Chicago Climate Exchange.

Speed, reliability, scalability, and capacity are critical performance criteria for electronic trading platforms. ICE’s electronic platform was designed from the outset to be highly scalable, enabling it to meet anticipated user growth as demand increases. A substantial portion of its operating budget is dedicated to system design, development and operations in order to achieve high levels of overall system performance. ICE continually monitors and upgrades its capacity requirements and has configured its systems to handle approximately twice its peak transactions in its highest volume products.

The technology systems supporting ICE’s trading operations can be divided into four major categories:

<i>Distribution</i>	Technologies that support the ability of ICE’s participants to access its marketplace via the Internet or a direct connection to its platform.
<i>Front-end functionality</i>	Technologies that provide a robust graphical user interface, application programming interfaces, and enable the delivery of other front-end tools.
<i>Electronic trade matching</i>	Technologies that aggregate orders and match buy and sell orders when their trade conditions are met.
<i>Security and disaster recovery</i>	Technologies that maximize and maintain the security of ICE’s markets, as well as provide for the transition to a redundant operating environment in the case of system failure caused by internal or external events.

Table of Contents

Distribution

The accessibility of ICE's platform via the Internet differentiates its markets and serves to attract liquidity and trading volume to its markets. As of September 30, 2006, ICE had thousands of active connections to its platform at over 1,100 OTC participant firms and over 780 futures participant firms. Of these active connections, over 5,800 are used during peak hours. Most of its participants access its electronic platform through the Internet. Over the past two years, as part of ICE's efforts to provide additional access choices to participants, it implemented a program to connect conforming independent software vendors to its platform. As a result, it now has the potential to attract thousands of additional participants to trade in its markets through these independent software vendors. Typically, each independent software vendor represents a single connection to its platform, though numerous participants may access its markets through each independent software vendor. ICE's electronic platform is highly scalable and additional capacity can be increased by adding additional hardware.

Front-End Functionality

ICE provides secure access to its electronic platform via a graphical user interface, or front-end, known as WebICE. The WebICE graphical user interface serves as a customizable, feature rich front-end to its platform. Participants can access ICE's platform globally via the Internet by clicking on a link on its website. ICE's platform can be accessed using a number of operating systems, including Microsoft Windows 2000/XP, Linux and Mac OS.

ICE selectively offers its participants use of application programming interfaces that allow users to create customized applications and services around ICE's electronic platform to suit their specific needs. Participants using application programming interfaces are able to link their internal computer systems to ICE's platform and enable high-speed data flow to their front office trading systems, as well as their risk management, data feed, settlement, and accounting systems. ICE's application programming interfaces also enables independent software vendors to adapt their products to its platform, thereby offering ICE's participants a wide variety of front-end choices in addition to its own user interface.

Electronic Trade Matching

Order matching constitutes the core of ICE's electronic platform. ICE's platform supports functionality for trading in bilateral OTC, cleared OTC and futures and options contracts. ICE's core functionality is available on a single platform for all of the products that it offers, rendering it highly flexible and relatively easy to maintain. As a result, enhancements made for one product are also easily made for other products. ICE's order matching functionality is designed based on a combination of internal and external software and technology. Large scale enterprise servers provide the processing capacity for the matching engine which captures price requests by its participants and matches trades instantaneously based on the order and price at which trades were entered.

Security and Disaster Recovery

Physical and digital security are each critical to the operation of ICE's platform. At its corporate offices as well as at all of its data centers, physical access controls have been instituted to restrict access to sensitive areas. ICE also employs what it believes are state-of-the-art digital security technology and processes, including high level encryption technology, complex passwords, multiple firewalls, network level virus detection, intrusion detection systems and secured servers.

ICE uses a multi-tiered firewall scheme to control access to its network. ICE has also incorporated several protective features into its electronic platform at the application layers to ensure the integrity of participant data and connectivity. For example, it uses access control profiles to prevent a given participant from accessing data affiliated with another participant. ICE is also able to restrict the functions that a particular user can perform with any company data within a given application. ICE's electronic platform monitors the connection with each user connected to the platform. If a connection to a particular participant can no longer be detected, certain

Table of Contents

outstanding orders entered by that participant are automatically withdrawn and held. Users have the option to allow orders to remain in the market after logging out or disconnecting from ICE's platform. In addition, even though ICE's electronic platform is globally accessible over the Internet, it is able to restrict platform access to designated IP addresses, if so desired by a participant.

ICE uses a remote data center to provide a point of redundancy for its trading technology. Its back-up facility fully replicates its primary data center and is designed to ensure the uninterrupted operation of its electronic platform's functionality in the face of external threats, unforeseen disasters or internal failures. In the event of an emergency, participants connecting to its electronic platform would be rerouted automatically to the back-up facility. ICE's primary data center continuously collects and saves all trade information and periodically transmits it to its back-up facility. For that reason, ICE expects that its disaster recovery system would have current, and in most cases real-time, information in the event of a platform outage. In the event that ICE were required to complete a changeover to its back-up disaster facility, ICE anticipates that its platform would experience less than six hours of down time.

Support Services

All of ICE's participants have access via e-mail and telephone to its specialized help desk, which provides support with respect to general technical, business and administrative questions, and is staffed 24 hours a day from Sunday at 6:00 p.m. Eastern Time until Friday at 6:00 p.m. Eastern Time. At all other times, support personnel are available to assist its participants via mobile phone and e-mail. ICE utilizes a third party customer relationship management software to assist support staff in tracing inbound calls and e-mails to centralize issue reporting and resolution tracking. Each week a summary of reported issues is compiled and sent to operations management for review. In addition, ICE's participants may access training materials and user guides which are available on its website.

Technology Partners, Vendors and Suppliers

ICE maintains relationships with a range of technology partners, vendors and suppliers in respect of clearing services, software licensing, hosting facilities and electronic trade routing.

If any of its contracts with its key technology partners, vendor or suppliers were terminated, ICE believes that it would be able to gain access on a timely basis to products and services of comparable quality, on comparable terms.

Internally Developed Software

The current focus of ICE's internal software development is in the following areas:

enhancement of its existing platform to increase connectivity, functionality and performance in support of its plan to increase trading volumes in its markets and for the development of new products;

development of functional enhancements and performance improvements to its electronic trade confirmation service; and

development of technology infrastructure to support the emerging data sales component of its OTC business.

Competition

The markets in which ICE operates are highly competitive and it expects competition to intensify in the future. ICE faces competition in all aspects of its business from a number of different enterprises, both domestic and international, including electronic platforms, traditional exchanges and voice brokers. Prior to the passage of the Commodity Futures Modernization Act of 2000, or the CFMA, futures trading was generally required to

Table of Contents

take place on or subject to the rules of a federally designated contract market. The costs and difficulty of obtaining contract market designation and corresponding regulatory requirements created significant barriers to entry for competing exchanges. The CFMA and other changing market dynamics have led to increasing competition from a number of different domestic and international sources of varied size, business objectives and resources.

ICE believes it competes on the basis of a number of factors, including:

depth and liquidity of markets;

price transparency;

reliability and speed of trade execution and processing;

technological capabilities and innovation;

breadth of product range;

rate and quality of new product developments;

quality of service;

connectivity;

mid- and back-office service offerings, including differentiated and value-added services;

transaction costs; and

reputation.

ICE believes that it competes favorably with respect to these factors, and that its deep, liquid markets; breadth of product offerings; rate and quality of new product development; and efficient, secure settlement, clearing and support services distinguish ICE from its competitors. ICE believes that in order to maintain its competitive position, it must continue to develop new and innovative products; enhance its technology infrastructure, including its reliability and functionality; and maintain liquidity and low transaction costs.

ICE's Principal Competitors

Currently, ICE's principal competitor is NYMEX. NYMEX historically operated as a predominantly open-outcry commodities exchange for the trading of energy futures contracts and options on futures contracts. In April 2006, NYMEX and CME announced that they had entered into a definitive technology services agreement under which CME, through CME Globex, is the exclusive electronic trading services provider for NYMEX's energy futures and options contracts. Initial trading of NYMEX's energy products on Globex began in June 2006, and NYMEX now offers electronic trading for some of its products on a side-by-side basis with its open-outcry markets. This agreement is expected to increase access to trading in NYMEX contracts and increase the liquidity of NYMEX's markets by offering customers electronic trading capabilities that

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NYMEX previously did not offer its customers. Recently, the volume of NYMEX energy futures contracts traded through Globex has surpassed the volume of NYMEX energy futures contracts traded on its open-outcry market. Among its primary products, NYMEX offers trading in a WTI light sweet crude oil futures contract and a Henry Hub natural gas futures contract. In addition, ICE currently competes with:

voice brokers active in the commodities markets;

other electronic trading energy platforms; and

market data vendors.

Competition with ICE's Futures Business

In ICE's futures business, it currently competes with NYMEX and European natural gas and power exchanges. In the United States, NYMEX lists the West Texas Intermediate crude oil futures contract, which

Table of Contents

competes with the ICE Brent Crude futures contract as a benchmark for worldwide trading in crude oil futures and competes directly with its West Texas Intermediate crude oil futures contract. NYMEX also opened an open-outcry trading facility during September 2005 in London, but subsequently closed that facility on June 9, 2006. There are also several electronic exchanges in Europe that may, in the future, offer trading in contracts that compete with ICE. In addition, the recent consolidation of, and development of alliances between, European exchanges and clearinghouses has resulted in increasingly large and well-capitalized trading services providers.

Competition with ICE's OTC Business

Other financial services or technology companies, in addition to those named above, have entered the OTC electronic trading services market. Additional joint ventures and consortia are forming, or have been formed, to provide services similar to those that ICE provides. Others may acquire the capacity to compete with ICE through acquisitions. In particular, ICE expects that existing, well-capitalized participants in the electronic trading market for fixed income products and foreign exchange products will seek out revenue opportunities in the commodities markets. If ICE expands into new markets in the future, it could face significant competition from other companies.

Competition with ICE's Market Data Business

Competition in the market data market can be differentiated primarily between the futures market and the OTC market. ICE's main competitor for futures market data is NYMEX, which trades similar futures contracts to those traded on ICE's platform. Because of the competing nature of these contracts, customers tend to purchase the data from both the NYMEX and ICE's real-time futures contracts via vendor screens. Within Europe, competition for real-time data comes from both the European exchanges and online brokers such as ICAP, Prebon Energy and Tradition Financial Services, which list and sell market data relating to OTC contracts that co-exist along side ICE's futures contracts. Competition for OTC market data comes from NYMEX, brokerages such as Amerex, which market data derived from their brokerage activities in the North American power and gas markets, market price assessment & reporting organizations such as Platts and NGI, as well as market data redistributors such as Bloomberg and Reuters who product their own OTC price assessments.

Intellectual Property

ICE relies on a wide range of intellectual property. It owns or has a license to use all of the software that is essential to the operation of its electronic platform, much of which has been internally-developed by its technology team since its inception. In addition to its software, ICE regards certain business methods and its brand names, marketing elements, logos and market data to be valuable intellectual property. It protects this intellectual property by means of patent, trademark, service mark, copyright and trade secret laws, contractual restrictions on disclosure and other methods.

ICE currently has licenses to use several U.S. patents, including the Wagner patent, which relates to the automated matching of bids and offers for futures contracts traded in the United States, and the Togher family of patents, which relate to the way in which bids and offers are displayed on an electronic trading system in a manner that permits parties to act only on those bids and offers from counterparties with whom the party has available credit. ICE has been granted a non-exclusive license from eSpeed, Inc. to use the Wagner patent for the trading of futures contracts where at least one of the screens is located in the United States or where the contract provides for delivery of the underlying commodity in the United States. Under the terms of the eSpeed license, which expires on the expiration of the Wagner patent in February 2007, ICE is required to pay eSpeed a minimum of \$2.0 million per year, plus a royalty fee equal to the greater of 10 cents for each side to a contract or generally 20 cents per contract. It paid eSpeed \$4.9 million in royalty fees for the nine months ended September 30, 2006 and \$1.5 million, \$32,000 and \$14,000 in royalty fees for the years ended December 31, 2005, 2004 and 2003, respectively. For every 25 million applicable contracts executed on ICE's electronic platform in a given year beyond the first 25 million contracts, ICE must pay eSpeed an additional \$2.0 million (in addition to the per-contract charge). ICE determined that it is probable that the contract volume will exceed the

Table of Contents

25 million contracts during the period from April 1, 2006 to February 20, 2007 and will likely require an additional \$2.0 million payment. Therefore, ICE accrued \$1.5 million to patent royalty expenses during the nine months ended September 30, 2006. If the contract volume does not exceed 25 million contracts during the period from April 1, 2006 to February 20, 2007, the \$2.0 million payment will not be required and any previously recorded expense will be reversed. In the event that the notional value of a contract exceeds \$50,000 as of the date on which such contract is first available for trading, then the number of contracts used to calculate the payments described above will equal the notional value divided by \$50,000, with the result rounded up to the next whole number. eSpeed has agreed that to the extent it enters into more favorable licensing terms with any third party, it will modify ICE's license agreement to incorporate those more favorable terms. In addition, in connection with the settlement of patent infringement litigation with EBS Dealing Resources, Inc. or EBS, ICE obtained from EBS a worldwide, fully paid, non-exclusive license to use technology covered under patents known as the Togher patents (presently issued or issued in the future claiming priority to U.S. patent application 07/830,408). As a fully paid license, ICE pays no royalties to EBS on an ongoing basis. The EBS license expires on the latest expiration of the underlying patents. Additionally, on May 2, 2006, ICE received a U.S. patent jointly owned with NYMEX for an implied market trading system. The joint patent covers a method for a computer-based trading system that implies spread markets for multiple real or implied spread markets.

ICE cannot guarantee that the Wagner patent, the Togher patents, the joint patent with NYMEX or any other patents that it may license or acquire in the future, are or will be valid and enforceable. If the Wagner patent is found to be invalid, ICE's license will terminate and its obligation to pay a royalty for the use of the technology will cease.

ICE has several U.S. and foreign patent applications pending, including with respect to its electronic trade confirmation service, its method to allow a user to engage in program trading while protecting their proprietary data and software (known as ICEMaker), its method for displaying both cleared OTC products and bilateral OTC products in a single price stream in connection with its OTC business, its method for locking prices on electronic trading screens, and its method for exchanging OTC contracts and futures contracts in similar base commodities on an electronic trading platform. ICE's electronic trade confirmation service and its OTC clearing service are also the subject of applications pending in the European Patent Office and the Canadian Patent Office. In addition, a Patent Cooperation Treaty application has been filed with respect to the ICEMaker system. On May 5, 2006, ICE filed two patent applications with the U.S. patent office and three corresponding patent applications under the Patent Cooperation Treaty, all of which related to systems and features for trading commodities contracts. ICE can provide no assurance that any of these applications will result in the issuance of patents.

ICE has received several federal registrations on trademarks used in its business, including IntercontinentalExchange and ICE. It has also received federal registrations on other services or products it provides, including ICEMaker. In addition, it has several foreign and U.S. applications pending for other marks used in its business. ICE can provide no assurance that any of these applications will mature into registered trademarks.

This prospectus/proxy statement also contains additional trade names, trademarks and service marks of ICE and of other companies. ICE does not intend its use or display of other parties' trademarks, trade names or service marks to imply, and this use or display should not be construed to imply, ICE's endorsement or sponsorship of these other parties, their endorsement or sponsorship of it, or any other relationship between it and these other parties.

Sales

As of September 30, 2006, ICE employed 23 full-time sales personnel. Its sales team is managed by a futures industry sales and marketing professional and is comprised primarily of former brokers and traders with extensive experience and established relationships within the energy trading community. Since its futures business is highly regulated, it also employs sales and marketing staff who understand the regulatory constraints upon marketing in this field.

Table of Contents

ICE's marketing strategy is designed to expand relationships with existing participants through the provision of value-added products and services, as well as to attract new participants, including those in markets and geographic areas where it does not currently have a strong presence. ICE also seeks to build brand awareness and promote greater public understanding of its business, including how its technology can improve current approaches to price discovery and risk management in the energy markets.

In 2004, ICE began to develop a cross-promotional marketing team for its futures and OTC businesses. ICE believes this repositioning of its marketing team is consistent with, and will provide more effective support of, the underlying emphasis of its business model flexible and open architecture that allows ICE to anticipate and rapidly respond to evolving trends in energy commodities trading markets, while maintaining separate markets for regulatory purposes.

ICE typically pursues its marketing goals through a combination of on-line promotions through its website, third party websites, e-mail, print advertising, one-on-one client relationship management and participation in trade shows and conferences. From time to time, ICE also provides commission rate discounts of limited duration to support new product launches.

Property

ICE's most valuable property is its technology and the infrastructure underlying it. Its intellectual property is described under the heading Technology. In addition to its intellectual property, ICE's other primary assets include computer equipment, software, internally developed software and real property. ICE owns an array of computers and related equipment. The net book value of its computer equipment, software and internally developed software was \$20.4 million as of September 30, 2006.

ICE's principal executive offices are located in Atlanta, Georgia. It leases 38,694 square feet of office space under a lease that expires on February 15, 2012. It also leases an aggregate of 58,071 square feet of office space in Calgary, Chicago, Houston, London, New York and Singapore. Its largest physical presence outside of Atlanta is in London, England, where it has leased 42,838 square feet of office space. ICE believes that its facilities are adequate for its current operations and that it will be able to obtain additional space as and when it is needed. The various leases covering these spaces generally expire between 2006 and 2010. ICE also owns property that houses disaster recovery facilities for its help desk and its open-outcry exchange floor, which was closed on April 7, 2005. The net book value of this land was \$3.7 million as of September 30, 2006. In August 2006, ICE entered into an agreement with a third-party to sell this property for \$12.6 million. The sale is expected to be completed in February 2007.

Employees

As of September 30, 2006, ICE had a total of 223 employees, with 129 employees at its headquarters in Atlanta, 73 in London and a total of 21 employees in its New York, Houston, Chicago, Singapore and Calgary offices. None of its employees is subject to a collective bargaining agreement. ICE has not experienced any work stoppages, and it believes its relationship with its employees is good.

Legal Proceedings

NYMEX Claim of Infringement

On September 29, 2005, the U.S. District Court for the Southern District of New York granted ICE's motion for summary judgment dismissing all claims brought by NYMEX against ICE in an action commenced in November 2002. NYMEX's complaint alleged copyright infringement by ICE on the basis of ICE's use of NYMEX's publicly available settlement prices in two of ICE's cleared OTC contracts. The complaint also alleged that ICE infringes and dilutes NYMEX's trademark rights by referring to NYMEX trademarks in certain of ICE's swap contract specifications and that ICE tortiously interfered with a contract between NYMEX and the data provider that provides ICE with the NYMEX settlement prices pursuant to a license. In dismissing all of NYMEX's claims, the court found that NYMEX's settlement prices were not copyrightable works as a matter of

Table of Contents

law, and ICE had not engaged in copyright or trademark infringement in referencing NYMEX's publicly available settlement prices. The trademark dilution and tortious interference claims, which are state law claims, were dismissed on jurisdictional grounds. While the court granted summary judgment in ICE's favor on all claims, NYMEX is currently appealing the decision regarding the copyright claims and state law claims in the Second Circuit Court of Appeals. Oral arguments for the appeal were held on November 16, 2006. If NYMEX continues with its appeal, or proceeds with a claim in state court, ICE intends to vigorously defend these actions. ICE does not believe that the resolution of this matter will have a material adverse effect on its consolidated financial condition, results of operations or liquidity.

MBF Clearing Corp. Antitrust Claims

On February 2, 2006, MBF Clearing Corp. filed a complaint against ICE in the U.S. District Court for the Southern District of New York asserting that ICE has monopoly power in the markets for electronic trading of Brent Crude Oil futures and certain other energy contracts. On March 22, 2006, ICE filed a motion to dismiss all of MBF Clearing's claims in the complaint. Rather than responding to ICE's motion, MBF Clearing filed an amended complaint dropping one state law claim, and adding allegations that actions taken by ICE with respect to MBF Clearing were taken with the intention of foreclosing competition from contracts presently traded or to be traded on NYMEX's electronic trading platform. MBF Clearing, which is a major NYMEX clearing and trading firm and a market maker for certain NYMEX electronic contracts, alleged that ICE disconnected MBF Clearing's access to ICE's trading platform and denied MBF Clearing information from ICE Data in breach of a contract with MBF Clearing and in violation of U.S. antitrust laws. MBF Clearing also alleged, among other things, that ICE has engaged in tortious interference with contract and business advantage. The amended complaint did not specify the amount of damages alleged to have been caused to MBF Clearing but requests that MBF Clearing be awarded treble and punitive damages. ICE intends to vigorously defend these claims. On June 5, 2006, ICE filed a renewed motion to dismiss all of MBF Clearing's claims and MBF Clearing filed its brief in opposition of ICE's motion to dismiss on July 12, 2006. On September 5, 2006, the parties reached a mutually agreeable business arrangement pursuant to which ICE granted MBF and certain of its qualified customers access to ICE's OTC markets on the condition that MBF and such customers conduct minimum trading volumes on ICE's platform. In connection with the business arrangement, MBF dismissed its lawsuit against ICE. No compensation has been paid by ICE in connection with the dismissal of the lawsuit.

Directors and Executive Officers

The following table provides information regarding ICE's directors and executive officers:

Name	Age	Title
Jeffrey C. Sprecher	51	Chairman of the Board and Chief Executive Officer
Charles R. Crisp	59	Director
Jean-Marc Forneri	47	Director
Sir Robert Reid	72	Director
Frederic V. Salerno	63	Director
Richard L. Sandor, Ph.D.	65	Director
Judith A. Sprieser	53	Director
Vincent Tese	63	Director
Charles A. Vice	43	President and Chief Operating Officer
Richard V. Spencer	52	Senior Vice President, Chief Financial Officer
David S. Goone	45	Senior Vice President, Chief Strategic Officer
Edwin D. Marcial	39	Senior Vice President, Chief Technology Officer
Johnathan H. Short	40	Senior Vice President, General Counsel and Corporate Secretary
David J. Peniket	40	President and Chief Operating Officer, ICE Futures

Table of Contents
Directors

Jeffrey C. Sprecher. Mr. Sprecher has been a director and ICE's Chief Executive Officer since ICE's inception and has served as its Chairman of the Board since November 2002. As ICE's Chief Executive Officer, he is responsible for its strategic direction, operation, and financial performance. Mr. Sprecher purchased Continental Power Exchange, Inc., ICE's predecessor company, in 1997. Prior to joining Continental Power Exchange, Inc., Mr. Sprecher held a number of positions, including President, over a fourteen-year period with Western Power Group, Inc., a developer, owner and operator of large central-station power plants. While with Western Power, Mr. Sprecher was responsible for a number of significant financings. In 2002, Mr. Sprecher was recognized by *Business Week* magazine as one of its Top Entrepreneurs. Mr. Sprecher holds a B.S. degree in Chemical Engineering from the University of Wisconsin and an MBA from Pepperdine University.

Charles R. Crisp. Mr. Crisp, who has been a director since November 2002, is the retired President and Chief Executive officer of Coral Energy, a Shell Oil affiliate responsible for wholesale gas and power activities. He served in this position from 1999 until his retirement in October 2000, and was President and Chief Operating Officer of Coral Energy from January 1998 through February 1999. Prior to that, Mr. Crisp served as President of the power generation group of Houston Industries and, between 1988 and 1996, served as President and Chief Operating Officer of Tejas Gas Corporation. Mr. Crisp currently serves as a director of EOG Resources, Inc., AGL Resources, Inc. and Targa Resources, Inc.

Jean-Marc Forneri. Mr. Forneri, who has been a director since November 2002, is founder and senior partner of Bucephale Finance, a boutique M&A firm specializing in large transactions for French corporations, foreign investors and private equity firms. For the seven years prior to Bucephale's founding, Mr. Forneri headed the investment banking business of Credit Suisse First Boston in Paris. He was Managing Director and Head of Credit Suisse First Boston France S.A., and Vice Chairman, Europe. Prior to that, Mr. Forneri was a Partner of Demachy Worms & Cie Finance from 1994 to 1996, where he was in charge of investment banking activities of Group Worms. Mr. Forneri is also a Director of Balmain SA, Banque Lyonnaise Bonnasse, SAGEM, SNECMA and Friends of Paris Museum of Modern Art.

Sir Robert Reid. Sir Robert Reid, who has been a director since June 2001, was the Deputy Governor of the Halifax Bank of Scotland from 1997 until 2004 and has served since 1999 as the Chairman of ICE Futures, ICE's subsidiary. He spent much of his career at Shell International Petroleum Company Limited, and served as Chairman and Chief Executive of Shell U.K. Limited from 1985 until 1990. He became Chairman of the British Railways Board in 1990, and retired from that post in 1995. From 1994 to 1997, he was Chairman of London Electricity. He was Chairman of the Council of The Industrial Society between 1993 and 1997, Chairman of Sears plc from 1995 until 1999, Chairman of Sondex Limited from 1999 until 2002 and Chairman of Kings Cross Partnership from 1999 until 2003. He also served as a Non-Executive Director on the boards of Avis Europe from 2002 until 2004 (Chairman) and Sun Life Financial Services of Canada from 1999 until 2004. He has served on the boards of directors of The Merchants Trust since 1995, Siemens plc since 1998, CHC Helicopter Corporation since 2004 and Milton Keynes Partnership Committee (Chairman) since 2004. He received his Knighthood in Queen Elizabeth's 1990 Birthday Honours.

Frederic V. Salerno. Mr. Salerno, who has been a director since November 2002, is the former Vice Chairman of Verizon Communications, Inc. Before the merger of Bell Atlantic and GTE, Mr. Salerno was Senior Executive Vice President, Chief Financial Officer and served in the Office of the Chairman of Bell Atlantic from 1997 to 2001. Prior to joining Bell Atlantic, he served as Executive Vice President and Chief Operating Officer of New England Telephone from 1985 to 1987, President and Chief Executive Officer of New York Telephone from 1987 to 1991 and Vice Chairman Finance and Business Development at NYNEX from 1991 to 1997. Mr. Salerno served on the boards of directors of Verizon Communications, Inc. from 1991 to 2001, AVNET, Inc. from 1993 to 2003 and was Chairman of Orion Power from 1999 until its sale in 2001. He has served on the boards of directors of The Bear Stearns Companies, Inc. since 1993, Viacom, Inc. since 1996, Consolidated Edison, Inc. since 2002, Akamai Technologies, Inc. since 2002 and Popular, Inc. since 2003.

Table of Contents

Richard L. Sandor. Dr. Sandor, who has been a director since November 2002, is the Chairman and Chief Executive Officer of the Chicago Climate Exchange, Inc., a position he has held since 2002, and serves as Chairman of Climate Exchange PLC, a position he has held since 2003. Previously, he served as Chairman and Chief Executive Officer of Environmental Financial Products, L.L.C. from 1993 to 1998. Prior to the creation of Chicago Climate Exchange and Environmental Financial Products, Dr. Sandor was a senior financial markets executive with Kidder Peabody from 1991 to 1993, Banque Indosuez from 1990 to 1991 and Drexel Burnham Lambert from 1982 to 1990. Dr. Sandor has served as a Non-Resident Director of the Chicago Board of Trade, as its Second Vice-Chairman of Strategy and, for more than three years, as its Chief Economist. Dr. Sandor is currently a director of American Electric Power, Millennium Cell, Bear Stearns Financial Products, Inc. and its subsidiary, Bear Stearns Trading Risk Management, Inc. He is also a member of the design committee of the Dow Jones Sustainability Index. Dr. Sandor is currently a Research Professor at the Kellogg Graduate School of Management at Northwestern University and has been a faculty member of the School of Business Administration at the University of California, Berkeley and at Stanford University.

Judith A. Sprieser. Ms. Sprieser, who has been a director since April 2004, was the Chief Executive Officer of Transora, Inc., a technology software and services company until March 2005. Prior to founding Transora in 2000, Ms. Sprieser was Executive Vice President of Sara Lee Corporation, serving prior to that as Sara Lee's Chief Financial Officer. Ms. Sprieser has been a member of the boards of directors of Allstate Insurance Company since 1999, USG Corporation since 1994, Reckitt Benckiser, plc since 2003, and CBS Corporation since 2006 and is a member of Northwestern University's Board of Trustees. She has a B.A. degree and an MBA from Northwestern University.

Vincent Tese. Mr. Tese, who has been a director since April 2004, currently serves as Chairman of Wireless Cable International, Inc., a position he has held since 1995. Previously, he served as New York State Superintendent of Banks from 1983 to 1985, Chairman and Chief Executive Officer of the Urban Development Corporation from 1985 to 1994, Director of Economic Development for New York State from 1987 to 1994, and Commissioner and Vice Chairman of the Port Authority of New York and New Jersey from 1991 to 1995. Mr. Tese also served as a Partner in the law firm of Tese & Tese from 1973 to 1977. He was a Partner in the Sinclair Group, a commodities trading and investment management company from 1977 to 1982, where he traded on the COMEX. He was also a co-founder of Cross Country Cable TV. Mr. Tese is a member of the boards of directors of The Bear Stearns Companies, Inc., Bowne & Co., Inc., Cablevision, Inc., Mack-Cali Realty Corporation and Gabelli Asset Management and serves as a trustee of New York University School of Law and New York Presbyterian Hospital. Mr. Tese has a B.A. degree in accounting from Pace University, a J.D. degree from Brooklyn Law School and a LL.M. degree in taxation from New York University School of Law.

Executive Officers

Jeffrey C. Sprecher. See above biography of Mr. Sprecher under Directors.

Charles A. Vice. Mr. Vice has served as ICE's President since October 2005 and its Chief Operating Officer since July 2001. As ICE's President and Chief Operating Officer, Mr. Vice is responsible for overseeing its operations, including market development, customer support and business development activities. He has over 15 years of experience in applying information technology in the energy industry. Mr. Vice joined Continental Power Exchange, Inc. as a marketing director during its startup in 1994, and prior thereto was a principal with Energy Management Associates for five years, providing consulting services to energy firms. From 1985 to 1988, he was a systems analyst with Electronic Data Systems. Mr. Vice holds a B.S. degree in Mechanical Engineering from the University of Alabama and an MBA from Vanderbilt University.

Richard V. Spencer. Mr. Spencer has served as ICE's Chief Financial Officer since December 2001. As ICE's Senior Vice President, Chief Financial Officer, he is responsible for overseeing all aspects of its finance and accounting functions, including treasury, tax, cash management and investor relations. Mr. Spencer joined ICE from Crossroads Investment Advisers, L.P., a venture capital and strategic private equity investment organization, where he served as President from 1998 to 2001. Previously, he was a senior vice president with the Private Funds Group of Donaldson, Lufkin & Jenrette. Prior to joining Donaldson, Lufkin & Jenrette,

Table of Contents

Mr. Spencer was a director with the Private Equity Group of Merrill Lynch in Atlanta. From 1990 to 1994, he oversaw the Canadian operations of First Chicago. He also worked in corporate finance, marketing and underwriting roles for Bear, Stearns and Co., Inc. and Goldman, Sachs & Co. Mr. Spencer has a B.A. degree in Economics from Rollins College. He has also completed the Advanced Management Program at Duke University's Fuqua School of Business.

David S. Goone. Mr. Goone has served as ICE's Senior Vice President, Chief Strategic Officer since May 2006 and as its Senior Vice President, Business Development and Sales since March 2001. He is responsible for the expansion of ICE's product line, including futures products and trading capabilities for its electronic platform. Prior to joining ICE, Mr. Goone served as the Managing Director, Product Development and Sales at the Chicago Mercantile Exchange, where he worked for nine years. From 1989 through 1992, Mr. Goone was Vice President at Indosuez Carr Futures, where he developed institutional and corporate business. Prior to joining Indosuez, Mr. Goone worked at Chase Manhattan Bank, where he developed and managed their exchange-traded foreign currency options operation at the Chicago Mercantile Exchange. Mr. Goone holds a B.S. degree in Accountancy from the University of Illinois at Urbana-Champaign.

Edwin D. Marcial. Mr. Marcial has served as ICE's Senior Vice President, Chief Technology Officer since February 2000. He is responsible for all systems development and ICE's overall technology strategy. He also oversees the software design and development initiatives of ICE's information technology professionals in the areas of project management, architecture, software development and quality assurance. Mr. Marcial joined the software development team at Continental Power Exchange, Inc. in 1996 and has 14 years of information technology experience building large-scale systems in the energy industry. Prior to joining Continental Power Exchange, Inc., he led design and development teams at Harris Corporation building software systems for the company's energy controls division. Mr. Marcial has a B.S. degree in Computer Science from the College of Engineering at the University of Florida.

Johnathan H. Short. Mr. Short has served as ICE's Senior Vice President, General Counsel and Corporate Secretary since June 2004. In his role as General Counsel, he is responsible for managing ICE's legal and regulatory affairs. As Corporate Secretary, he is also responsible for a variety of ICE's corporate governance matters. Prior to joining ICE, Mr. Short was a partner at McKenna Long & Aldridge LLP, a national law firm with approximately 350 attorneys. Mr. Short practiced in the corporate law group of McKenna, Long & Aldridge (and its predecessor firm, Long Aldridge & Norman LLP) from November 1994 until he joined ICE in June 2004. From April 1991 until October 1994, he practiced in the commercial litigation department of Long Aldridge & Norman LLP. Mr. Short holds a J.D. from the University of Florida, College of Law, and a B.S. in Accounting from the University of Florida, Fisher School of Accounting.

David J. Peniket. Mr. Peniket has served as President, ICE Futures, since October 2005 and Chief Operating Officer, ICE Futures, since January 2005. Mr. Peniket is responsible for ICE Futures' finance function, technology and market operations, human resources, business development and regulation and risk management. Prior to assuming the role of Chief Operating Officer, Mr. Peniket served as Director of Finance of ICE Futures since May 2000. Before joining ICE Futures in 1999, Mr. Peniket worked for seven years at KPMG, where he trained as an accountant and was a consultant in its financial management practice. Mr. Peniket was Research Assistant to John Cartwright MP from 1988 to 1991. He holds a B.Sc. (Econ) degree in Economics from the London School of Economics and Political Science and is a Chartered Accountant.

Board of Directors

ICE's board of directors currently consists of eight members and there is one vacancy on its board of directors. Its board of directors is elected annually, and each director holds office for a one-year term.

Board Committees

Its board of directors has an audit committee, a compensation committee and a nominating and corporate governance committee.

Table of Contents

Audit Committee. ICE's audit committee consists of Messrs. Salerno, Forneri and Crisp. Mr. Salerno serves as the chair of the audit committee and is ICE's audit committee financial expert under SEC rules and regulations. ICE believes that the composition of its audit committee meets the requirements for independence under current rules and regulations of the SEC and the New York Stock Exchange, and it intends to comply with future requirements to the extent they become applicable to ICE. ICE's audit committee, among other things, oversees the engagement of its independent public accountants, reviews its financial statements and the scope of annual external and internal audits and considers matters relating to accounting policies and internal controls. The audit committee is governed by a charter that complies with the rules of the SEC and the New York Stock Exchange.

Compensation Committee. ICE's compensation committee consists of Ms. Sprieser and Messrs. Tese and Forneri. Ms. Sprieser serves as the chair of ICE's compensation committee. ICE believes that the composition of its compensation committee meets the requirements for independence under, and the functioning of its compensation committee complies with, current rules and regulations of the SEC and the New York Stock Exchange. ICE intends to comply with future requirements to the extent they become applicable to ICE. The compensation committee, among other things, reviews, approves and makes recommendations to ICE's board of directors concerning its compensation practices, policies and procedures for its executive officers. The compensation committee is governed by a charter that complies with the rules of the SEC and the New York Stock Exchange.

Nominating and Corporate Governance Committee. ICE's nominating and corporate governance committee consists of Messrs. Tese and Crisp. Mr. Tese serves as the chair of the nominating and corporate governance committee. The nominating and corporate governance committee, among other things, identifies, nominates and recommends individuals to the board of directors and develops and recommends to the board of directors a set of corporate governance principles applicable to ICE. The nominating and corporate governance committee is governed by a charter that complies with the rules of the New York Stock Exchange.

Compensation Committee Interlocks and Insider Participation

None of the members of ICE's compensation committee has at any time been one of its officers or employees. None of its executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on ICE's board of directors or compensation committee.

Director Compensation

Directors who are also ICE employees do not receive additional compensation for serving as directors. The compensation committee and board of directors have approved the following director compensation program:

An annual retainer fee of \$45,000.

No board of director or committee meeting fees.

Annual retainer for each committee member as follows:

audit committee \$10,000;

compensation committee \$6,000; and

nominating and corporate governance committee \$3,000.

Committee chairperson retainers (in lieu of the above annual retainers) for each committee of the board of directors as follows:

audit committee \$25,000;

compensation committee \$15,000; and

nominating and corporate governance committee \$8,000.

Table of Contents

Equity grant guidelines for service on the board of directors as follows:

initial grant to new non-employee member: \$200,000 in the form of restricted stock units that vest in equal annual installments over three years (with the number of units calculated at the time of grant by dividing the annual grant value by the price per share at the date of grant); and

annual grant to existing non-employee member: \$100,000 in the form of restricted stock units that vest one year from the date of grant (with the number of units calculated at the time of grant by dividing the annual grant value by the price per share at the date of grant).

A restricted share deferral mechanism for cash fees through the 2003 Restricted Stock Deferral Plan for Outside Directors as made through annual elections prior to the year of service, with a 10% discount on the value of common stock for any fees deferred through this method.

ICE Futures Board of Directors

ICE's wholly-owned subsidiary, ICE Futures, is an entity organized under the laws of the United Kingdom and is a Recognized Investment Exchange under the Financial Services and Markets Act 2000. At the time of ICE's acquisition of ICE Futures, ICE committed to maintain an appropriate corporate governance structure for ICE Futures to ensure its compliance with the obligations under U.K. law and with its regulatory obligations applicable to it as a Recognized Investment Exchange. ICE agreed that ICE Futures' board of directors should continue to have primary responsibility for ensuring this regulatory compliance, and ICE Futures agreed that it would retain at least two independent non-executive directors. ICE Futures' board of directors operates in accordance with a code of practice that ICE Futures adopted in April 2000. The code of practice, which is not legally binding, provides for consultation with market participants on various matters. Sir Robert Reid serves as the Chairman of ICE Futures and receives director fees in accordance with ICE Futures' director compensation program.

Table of Contents**Executive Compensation**

The following table sets forth the cash and non-cash compensation paid for the fiscal years ended December 31, 2005, 2004 and 2003, to (i) ICE's chief executive officer, (ii) ICE's four most highly compensated executive officers (based on combined salary and bonus) other than the chief executive officer during the fiscal year ended December 31, 2005 and (iii) a former officer of ICE Futures who would have been included in the above category had he still been serving as an officer at December 31, 2005 (collectively, the Named Executive Officers).

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation Awards		All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Restricted Stock Unit Awards (\$)(1)	Securities Underlying Options/SARS (#)	
Jeffrey C. Sprecher Chairman and Chief Executive Officer	2005	675,750	1,013,625				21,730(2)
	2004	603,750	431,681	421,498(2)	3,533,400		21,236(2)
	2003	603,750	333,572	246,749(2)		225,000	21,268(2)
Charles A. Vice President and Chief Operating Officer	2005	420,000	504,000				19,470(3)
	2004	420,000	231,000		1,500,000		16,949(3)
	2003	420,000	178,500			108,050	10,000(3)
Richard V. Spencer Senior Vice President, Chief Financial Officer	2005	420,000	504,000				21,265(4)
	2004	420,000	231,000		1,500,000		18,263(4)
	2003	420,000	178,500			108,050	10,000(4)
David S. Goone Senior Vice President, Business Dev. & Sales	2005	400,000	524,000				18,406(5)
	2004	338,000	185,900		930,000		16,152(5)
	2003	338,000	143,650			82,625	10,000(5)
Edwin D. Marcial Senior Vice President, Chief Technology Officer	2005	350,000	250,250				16,347(6)
	2004	350,000	192,500		1,250,000		14,621(6)
	2003	350,000	148,750			82,625	10,000(6)
Dr. Richard Ward Vice Chairman, ICE Futures	2005	446,072	245,339		369,750		89,214(7)
	2004	448,252	190,507		670,000		89,650(7)
	2003	400,355	170,151			57,837	80,071(7)

- (1) Restricted stock unit awards were granted at a fair market value of \$8.00 per share as determined by ICE's board of directors primarily based on a valuation performed by an independent third party. Of the shares, 50% of the shares are time-vesting shares that vest over four years (25% after one year and the balance vesting ratably over the remaining 36 months), and the other 50% of the shares are performance-vesting shares that vest based on the achievement of cumulative earnings before interest, taxes, depreciation and amortization performance vs. pre-established targets between 2005 and 2007. On February 22, 2006, the compensation committee approved awards of restricted stock units that vest ratably over three years at a fair market value of \$49.23 per share. This grant was comprised of the following: Mr. Sprecher (19,200 shares), Mr. Vice (9,000 shares), Mr. Spencer (9,000 shares), Mr. Goone (9,000 shares) and Mr. Marcial (5,900 shares).
- (2) In May 2006, the compensation committee approved a salary increase for Mr. Sprecher from \$675,750 to \$725,000 per year, effective as of January 1, 2006, and approved an increase in the annual bonus target for Mr. Sprecher to 85% of his annual base salary. Other annual compensation for Mr. Sprecher includes loan forgiveness and related gross up of tax allowance amount (Continental Power Exchange, Inc.'s portion of limited liability company tax liability) of \$349,498 in 2004 (\$201,136, plus gross up of \$148,362) and \$174,749 in 2003 (\$100,568, plus gross up of \$74,181), and payment of an Atlanta housing and travel allowance (\$72,000 in 2004 and \$72,000 in 2003). All other compensation includes payment of an individual disability income policy (\$8,479 in 2005, \$8,988 in 2004 and \$9,478 in 2003), payment of a term life insurance policy (\$2,751 in 2005, \$1,998 in 2004 and \$1,790 in 2003), and the employer match in the 401(k) plan (\$10,500 in 2005, \$10,250 in 2004 and \$10,000 in 2003).
- (3) In May 2006, the compensation committee approved a salary increase for Mr. Vice from \$420,000 to \$500,000 per year, effective as of January 1, 2006, and approved an increase in the annual bonus target for Mr. Vice to 70% of his annual base salary. All other compensation for Mr. Vice includes the employer match in the 401(k) plan (\$10,500 in 2005, \$10,250 in 2004 and \$10,000 in 2003), payment of an individual disability income policy (\$7,763 in 2005 and \$5,822 in 2004), and payment of a term life insurance policy (\$1,207 in 2005 and \$877 in 2004).

Table of Contents

- (4) In May 2006, the compensation committee approved a salary increase for Mr. Spencer from \$420,000 to \$460,000 per year, effective as of January 1, 2006. All other compensation for Mr. Spencer includes the employer match in the 401(k) plan (\$10,500 in 2005, \$10,250 in 2004 and \$10,000 in 2003), payment of an individual disability income policy (\$8,179 in 2005 and \$6,134 in 2004), and payment of a term life insurance policy (\$2,586 in 2005 and \$1,879 in 2004).
- (5) In May 2006, the compensation committee approved a salary increase for Mr. Goone from \$400,000 to \$460,000 per year, effective as of January 1, 2006. All other compensation for Mr. Goone includes the employer match in the 401(k) plan (\$10,500 in 2005, \$10,250 in 2004 and \$10,000 in 2003), payment of an individual disability income policy (\$6,763 in 2005 and \$5,072 in 2004), and payment of a term life insurance policy (\$1,143 in 2005 and \$830 in 2004).
- (6) In May 2006, the compensation committee approved a salary increase for Mr. Marcial from \$350,000 to \$365,000 per year, effective as of January 1, 2006. All other compensation for Mr. Marcial includes the employer match in the 401(k) plan (\$10,500 in 2005, \$10,250 in 2004 and \$10,000 in 2003), payment of an individual disability income policy (\$5,262 in 2005 and \$3,946 in 2004), and payment of a term life insurance policy (\$585 in 2005 and \$425 in 2004).
- (7) All figures for Dr. Ward have been converted to U.S. dollars using the average exchange rate of pounds sterling per U.S. dollar in each year (1.8128 pounds sterling per U.S. dollar in 2005, 1.8296 in 2004 and 1.6341 in 2003). All other compensation includes a pension contribution of 20% of salary. Pursuant to a Letter Agreement dated as of October 24, 2005, Dr. Ward terminated his service as Vice Chairman of ICE Futures on April 24, 2006. He received a one-time payment of £122,500 as of the termination date. Dr. Ward will be paid £19,560 per month pursuant to a Consulting Agreement entered into as of October 24, 2005 for the period from April 24, 2006 through October 24, 2006. He also remains eligible for ICE's benefits and pension plan through October 24, 2006.

Employment Agreements

ICE has entered into employment agreements with each of Messrs. Sprecher, Vice, Spencer, Goone and Marcial.

Term of Employment

Each agreement provides for an initial employment term of two or three years, depending on the employee. The term of each agreement will be automatically extended every six months unless either ICE or the employee, prior to the date of extension, give written notice to the other that there will be no extension. The extension will be for a term equal to the initial term that is, two or three years, depending on the employee. The effect of this provision is to ensure that the term remaining under any of these agreements is never more than six months less than the initial term. The initial term is three years for Messrs. Sprecher, Vice, Spencer and Goone, and two years for Mr. Marcial.

Compensation

Each employment agreement provides for an initial annual base salary. Each of these employees is also eligible to receive an annual bonus and to receive from time to time grants of awards under the 2000 Stock Option Plan, 2004 Restricted Stock Plan and 2005 Equity Incentive Plan, in each case as set by the compensation committee or by ICE's board of directors as a whole.

Termination

If ICE terminates an employee for cause, as such term is defined below, or any such employee resigns other than for good reason, as such term is defined below, ICE must pay the employee, among other benefits, all accrued but unpaid salary, annual bonus, if any, and unreimbursed expenses. In the event that ICE terminates any employee other than for cause or the employee resigns for good reason, ICE must compensate the employee as follows:

Termination Following a Change in Control. If the termination occurs after the effective date of a change in control of ICE, ICE must pay the employee a lump sum amount of cash equal to a multiple of his salary and bonus. This multiple is three for Messrs. Sprecher, Vice, Spencer and Goone, and two for Mr. Marcial. In these circumstances, the applicable bonus amount will be the greater of the employee's last annual bonus and the employee's target bonus, as previously determined by the board of directors, for the year in which the employee is terminated. ICE will also provide gross up payments to the terminated employee as necessary to compensate him for liability for certain excise taxes that may become due as a result of payments called for under the employment agreement.

Table of Contents

An employee terminated following, or as a result of, a change in control will be entitled to exercise his stock options that had been granted after entering into the employment agreement for the same period as if the employee had continued in employment through the remainder of his term. All of the employee's stock options granted after the date of the employment agreement will become exercisable upon the employee's termination.

Termination Unrelated to a Change in Control. If the termination of an employee is unrelated to a change in control, ICE must continue to pay his salary and bonus for the remainder of the employment term, over time as it would normally be paid, with the bonus so paid equal to the greater of the last annual bonus paid to him prior to termination and his target bonus for the applicable year. In addition, any stock options granted after the date of the applicable employment agreement will become exercisable upon the employee's termination.

Cause, as used in the employment agreements, generally means: (1) the employee is convicted of, pleads guilty to, or otherwise admits to any felony or act of fraud, misappropriation or embezzlement; (2) the employee knowingly engages or fails to engage in any act or course of conduct that is (a) reasonably likely to adversely affect ICE's rights or qualification under applicable laws, rules or regulations to serve as an exchange or other form of a marketplace for trading commodities or (b) that violates the rules of any exchange or market on which ICE effects trades (or at such time are actively contemplating effecting trades) and is reasonably likely to lead to a denial of ICE's right or qualification to effect trades on such exchange or market; (3) there is any act or omission by the employee involving malfeasance or gross negligence in the performance of his duties and responsibilities or the exercise of his powers to the material detriment of ICE; or (4) the employee (a) breaches any of the covenants made under his employment agreement or (b) violates any provision of any code of conduct adopted by ICE that applies to him if the consequence to such violation ordinarily would be a termination of his employment.

Good reason generally means: (1) there is a material reduction or, after a change in control, any reduction, in the employee's base salary or opportunity to receive any annual bonus and stock option grants without the employee's express written consent; (2) there is a material reduction or, after a change in control, any reduction in the scope, importance or prestige of the employee's duties; (3) ICE transfers the employee's primary work site to a site that is more than thirty miles from his then current work site; (4) ICE, after a change in control, changes the employee's job title or fails to continue to make available to the employee the same or equivalent plans, programs and policies; (5) there is a material breach or, after a change in control, any breach of his employment agreement; or (6) in the case of Mr. Sprecher, ICE fails to nominate the employee for re-election to its board of directors.

Exclusivity

Each employment agreement permits the employee to serve on the board of directors of those business, civic and charitable organizations on which he was serving on the date that ICE signed his employment agreement, as long as doing so has no significant and adverse effect on the performance of his duties and responsibilities or the exercise of his powers under his employment agreement. Each employee is not permitted, however, to serve on any other boards of directors and shall not provide services to any for-profit organization on or after the date that ICE signed his employment agreement without the written consent of the chair of the compensation committee (in the case of Messrs. Sprecher, Vice, Spencer and Goone) or ICE's chief executive officer (in the case of Mr. Marcial).

Non-competition

Each employee agrees under his employment agreement that for the term of his employment agreement or, if less, for the one-year period which starts on the date that his employment terminates, not to assume or perform any managerial or supervisory responsibilities and duties that are substantially the same as those that he performs for ICE for any other business entity that engages in any business-to-business electronic exchange for trading commodities in which ICE is engaged as of the date of termination of the employee's employment or in which

Table of Contents

ICE proposes to engage under its business plan as in effect on such date, if any site of any of the offices or equipment of such competitive business is located in the United States, Canada, Mexico, Central America, South America or in any country that is a member of the European Union. The employment agreements of Messrs. Vice, Spencer, Goone and Marcial provide that they may own up to five percent of the stock of a publicly traded company that engages in such competitive business so long as they are only passive investors and are not actively involved in such company in any way.

Non-solicitation

Each employee is restricted from soliciting, for the purpose of competing with ICE or its affiliates, any of its customers or customers of its affiliates with whom the employee had contact, knowledge or association (1) at any time during the employee's employment with ICE or its affiliates and (2) at any time during the twenty-four month period immediately preceding the beginning of the restricted period. Restricted period means the remainder of the employee's term of employment without regard to the reason for the employee's termination of employment (as such initial term may have been extended under the agreement).

Each employee is restricted from soliciting, for the purpose of competing with ICE or its affiliates, any other officer, employee or independent contractor of ICE or its affiliates with whom the employee had contact, knowledge or association to terminate his or her employment or business relationship with ICE or its affiliates (1) at any time during the employee's employment with ICE or its affiliates and (2) at any time during the twelve month period immediately preceding the beginning of the restricted period.

Bonuses

Each employee is eligible, under his employment agreement, to receive an annual bonus each year that is reasonable in light of his contribution for that year in relation to the contributions made and bonuses paid to ICE's other senior executives for such year.

Other Provisions

Each of the employees named above is subject to customary confidentiality provisions during the term of employment and for a specified period after termination, and each must not use or disclose any of ICE's trade secrets for as long as they remain trade secrets.

Benefit Plans

ICE's U.S. employees are eligible to participate in its 401(k) and Profit Sharing Plan, which was implemented on October 1, 2001. ICE offers to match 100% of the first 5% of the eligible employee's compensation contributed to the plan, subject to plan and statutory limits.

ICE's U.K.-based subsidiaries have a defined contribution pension plan for eligible employees. ICE contributes a percentage of the employee's base salary to the plan each month and employees are able to make additional voluntary contributions, subject to plan and statutory limits. ICE's contributions range from 10% to 20% of an employee's base salary.

ICE's benefit plans include the 2000 Stock Option Plan, the 2003 Restricted Stock Deferral Plan for Outside Directors, the 2004 Restricted Stock Plan and the 2005 Equity Incentive Plan, which provide for the issuance of stock options, restricted stock or restricted stock units or other awards that may be exercised for or converted into, as the case may be, shares of ICE's common stock. Each of these plans currently provides for the issuance of Class A2 shares upon exercise, conversion or vesting of outstanding awards. Effective May 20, 2006, each plan has been amended to provide for the issuance of common stock upon exercise, conversion or vesting of outstanding awards, and all awards issued from that date under the plans will entitle the holder to receive shares of common stock.

Table of Contents

2000 Stock Option Plan

ICE adopted the 2000 Stock Option Plan in June 2000 and it was approved by ICE's stockholders on June 23, 2000 for the purposes of attracting, retaining and rewarding its employees and directors. The 2000 Stock Option Plan authorizes the issuance of up to 5,250,000 shares of common stock upon the exercise of options under the plan. Both incentive and nonqualified options may be granted under and generally vest over four years. Options may be exercised up to ten years after the date of grant, but generally expire 14 days after termination of employment or service as a director.

In the event of any increase or decrease in the number of issued shares resulting from a subdivision or consolidation of shares or the payment of a stock dividend or any other increase or decrease in the number of issued shares effected without consideration received by ICE, the compensation committee will conclusively determine the adjustment to the number of shares covered by the 2000 Stock Option Plan, the number of shares covered by each outstanding option and the exercise price of each option.

Eligibility. Options may be granted to any individual employed by ICE, within the meaning of Section 3401 of the Internal Revenue Code of 1986, as amended, or the Code, or to any of ICE's directors, as the compensation committee may determine.

Administration. The compensation committee administers the 2000 Stock Option Plan. The compensation committee has the authority to interpret and construe the plan, grant options and determine who will receive options and the number of shares to be granted subject to exercise of options issued under the plan. All determinations of the compensation committee with respect to the interpretation and construction of the 2000 Stock Option Plan are final.

Nonassignability. Options may be exercised only by the grantee and may not be assigned or transferred during the grantee's lifetime.

Amendment; Termination. The board of directors may terminate or amend the 2000 Stock Option Plan, except that no such termination or amendment may increase the number of shares subject to the 2000 Stock Option Plan or change the class of individuals eligible to receive options without the approval of ICE's shareholders. In addition, no amendment may, without the grantee's consent, materially adversely affect a previously granted option.

2003 Restricted Stock Deferral Plan for Outside Directors

ICE adopted the 2003 Restricted Stock Deferral Plan for Outside Directors, and the 2003 Directors Plan for the purpose of attracting and retaining outside directors. Under the 2003 Directors Plan, members of the board of directors can elect to receive up to 100% of their retainer and meeting fees in restricted stock or restricted stock units. The 2003 Directors Plan authorizes the issuance of up to an aggregate of 250,000 shares of common stock under the plan. Shares of restricted stock will be issued, or restricted stock units will be credited, as of the end of each calendar quarter with respect to retainer and meeting fees otherwise payable in that quarter. Beginning in 2006, shares purchased through this deferral mechanism can be purchased at a 10% discount on the value of common stock for any fees deferred. The restricted stock or restricted stock units generally vest over a three-year period, and one-third of the shares will vest each year on the anniversary of the end of the calendar quarter when fees were payable.

In the event of any increase or decrease in the number of issued shares resulting from a subdivision or consolidation of shares or the payment of a stock dividend or any other increase or decrease in the number of issued shares effected without consideration received by ICE, the compensation committee will conclusively determine the adjustment to the number of unissued shares of restricted stock or the number of restricted stock units.

Eligibility. Restricted stock may be issued, or restricted units credited, to any member of the board of directors who is not a full-time employee of ICE.

Table of Contents

Administration. The compensation committee administers the 2003 Directors Plan. The compensation committee has the authority to interpret and construe the 2003 Directors Plan, and all such determinations are final.

Nonassignability. Restricted stock issued under the 2003 Directors Plan is not transferable and may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of at any time prior to the vesting of such shares. The right to receive payments with respect to restricted stock units is generally not assignable or transferable.

Amendment; Termination. The board of directors may at any time terminate or amend the 2003 Directors Plan. No such termination or amendment may adversely affect any outstanding restricted stock or restricted stock units.

2004 Restricted Stock Plan

In September 2004, ICE adopted the 2004 Restricted Stock Plan. The purpose of the 2004 Restricted Stock Plan is to attract, retain and reward individuals performing services for the company.

Type of Awards. The 2004 Restricted Stock Plan allows ICE to issue awards of restricted stock or restricted stock units that convert into shares of its common stock. The 2004 Restricted Stock Plan authorizes the issuance of up to an aggregate of 1,475,000 shares of common stock under the plan.

In the event of any increase or decrease in the number of issued shares resulting from a subdivision or consolidation of shares or the payment of a stock dividend or any other increase or decrease in the number of issued shares effected without consideration received by ICE, the compensation committee will conclusively determine the adjustment to the number of shares covered by each outstanding award.

Eligibility. Awards may be made at the sole discretion of the compensation committee to any of ICE's employees that are members of a select group of management or highly compensated employees within the meaning of Sections 201(1), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, or to any of ICE's directors.

Vesting may be time-based or performance-based. Vesting may be accelerated by events such as a change in control, or a sale of the company or of substantially all of its assets, but may not be deferred for more than ten years.

Administration. The compensation committee administers the 2004 Restricted Stock Plan. The compensation committee has the authority to interpret and construe the plan, grant awards and determine who will receive awards and in what amounts. The determination of the compensation committee with respect to the interpretation and construction of the 2004 Restricted Stock Plan is final.

Nonassignability. Awards under the 2004 Restricted Stock Plan are not assignable or transferable during the lifetime of the grantee.

Amendment; Termination. The board of directors may, with respect to shares at the time not subject to awards, terminate or amend the plan. No such termination or amendment may, without the grantee's consent, materially adversely affect a previously granted award.

2005 Equity Incentive Plan

The 2005 Equity Incentive Plan was adopted by ICE's board of directors in April 2005 and was approved by its stockholders in June 2005. The purpose of the 2005 Equity Incentive Plan is to attract, retain and reward individuals performing services for the company and to motivate those individuals to contribute to the growth and profitability of ICE's business. The 2005 Equity Incentive Plan will terminate on the tenth anniversary of its adoption.

Table of Contents

Type of Awards. The 2005 Equity Incentive Plan allows ICE to grant incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock and restricted stock units.

The maximum number of shares of common stock that may be issued pursuant to awards granted under the 2005 Equity Incentive Plan is 2,125,000, subject to certain adjustments. The maximum number of shares of common stock with respect to which options or stock appreciation rights may be granted during any calendar year to any grantee is 250,000 (or 500,000 for an individual hired on or after the date of the plan's adoption), and the maximum number of shares with respect to which restricted stock or restricted stock units may be granted during any calendar year to any grantee is 125,000 (or 250,000 for an individual hired on or after the date of the plan's adoption).

For incentive stock options and nonstatutory stock options that are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the exercise price may not be less than 100% of the fair market value of the underlying shares as of the grant date. If the aggregate fair market value of shares as of the date of grant with respect to which incentive stock options are exercisable by an individual during a calendar year exceeds \$100,000, then the option will be treated as a nonstatutory stock option. Incentive stock options granted to an individual who owns more than 10% of the combined voting power of all classes of ICE's stock expire five years after the date of grant and must have an exercise price of at least 110% of the fair market value of a share as of the date of grant.

Options granted under ICE's 2005 Equity Incentive Plan may be exercised by payment in cash or cash equivalents, by the tender of shares owned by the exercising party or cashless exercise.

In the event of any merger, consolidation, reorganization, recapitalization, stock dividend, stock split, reverse stock split, separation, liquidation or other change in the corporate structure or capitalization affecting the shares, the compensation committee will conclusively determine the adjustment in the kind, exercise price (or purchase price, if applicable), and number of shares that are subject to awards, provided that adjustments to options or stock appreciation rights must comply with Section 424 of the Code.

Eligibility. Awards may be granted to any employee, consultant or director of ICE, as selected in the sole discretion of the compensation committee administering the 2005 Equity Incentive Plan.

Vesting of awards may be time-based or performance-based. In the case of options and stock appreciation rights, if employment is terminated for any reason other than for cause, the grantee may exercise vested awards for a period of three months after the date of termination. If employment is terminated for cause, the awards will terminate immediately. If employment is terminated for any or no reason, shares that have not vested may be repurchased by ICE at the lesser of the original exercise price or the shares' fair market value. In the case of restricted stock and restricted stock units, if employment is terminated during the applicable restricted period as defined in the 2005 Equity Incentive Plan, any unvested shares of restricted stock and restricted stock units will be forfeited and ICE will pay the grantee \$0.01 for each unvested share of restricted stock.

In the event of a change in control as defined in the 2005 Equity Incentive Plan, outstanding awards will become fully vested and exercisable if the surviving corporation does not assume ICE's rights and obligations with respect to outstanding awards or does not substitute for substantially equivalent awards. Options and stock appreciation rights that are not assumed or substituted for by the surviving corporation and that are not exercised as of the date of the change in control will terminate and cease to be outstanding. Shares that have not previously been issued under restricted stock or restricted stock units and that are not assumed or substituted for by the surviving corporation will be issued.

Administration. The terms of the 2005 Equity Incentive Plan require that it be administered by a committee consisting of two or more members of ICE's board of directors, each of whom is an outside director within the meaning of Section 162(m) of the Code and a non-employee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934. The composition of such committee is also required to comply with the

Table of Contents

rules of the New York Stock Exchange. ICE's compensation committee administers the 2005 Equity Incentive Plan. The compensation committee has the authority to determine who will be granted awards, the number of shares granted subject to such awards and all matters relating to the administration of the plan. The determination of the compensation committee with respect to the interpretation and application of the 2005 Equity Incentive Plan is final. The compensation committee may only grant awards that either comply with the requirements of Section 409A of the Code or do not result in the deferral of compensation within the meaning of Section 409A.

Nonassignability. Awards may be exercised only by the grantee and generally may not be assigned or transferred during the grantee's lifetime.

Amendment; Termination. The board of directors may at any time amend or terminate the 2005 Equity Incentive Plan, subject to shareholder approval of certain amendments. No such amendment or termination may impair the rights of any grantee unless mutually agreed otherwise between the committee and the grantee.

Option Grants in the Last Fiscal Year

There were no options to purchase ICE stock granted to its Named Executive Officers during the year ended December 31, 2005.

Aggregated Option Exercises in the Last Fiscal Year and Fiscal Year End Option Values

The following table sets forth option exercises by the Named Executive Officers during the fiscal year ended December 31, 2005, including the aggregate value of gains on the date of exercise. The table also sets forth (i) the number of shares covered by options (both exercisable and unexercisable) as of December 31, 2005 and (ii) the respective value for in-the-money options, which represents the positive spread between the exercise price of existing options and the fair market value of ICE common stock on the New York Stock Exchange as of December 31, 2005 (\$36.35).

Aggregated Option Exercises in 2005 and 2005 Year-End Option Values

Name	Number of Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options at Fiscal Year-End(1)		Value of Unexercised In-the-Money Options at Fiscal Year-End(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Jeffrey C. Sprecher(3)			219,037	112,500	\$ 6,614,540	\$ 3,189,375
Charles A. Vice(4)	33,750	805,250	55,787	54,025	1,588,257	1,531,609
Richard V. Spencer			54,025	54,025	1,531,609	1,531,609
David S. Goone			76,825	41,313	2,212,066	1,171,209
Edwin D. Marcial(5)	6,250	23,750	70,575	41,313	2,111,983	1,171,209
Dr. Richard Ward			28,919	28,919	819,839	819,839

- (1) The number of securities underlying unexercised options has been adjusted to give effect to the 1 for 4 reverse stock split of the Class A common stock that became effective immediately prior to the completion of ICE's initial public offering of common stock in November 2005.
- (2) The value of unexercised in-the-money options at fiscal year-end was calculated by multiplying the number of securities underlying unexercised options at fiscal year-end by the difference between \$36.35 (the closing price of ICE's common stock on the New York Stock Exchange on December 31, 2005) and the strike price (between \$4.20 and \$8.00) of the option.
- (3) Mr. Sprecher is the controlling shareholder of Continental Power Exchange, Inc., which currently holds 2,098,912 of ICE's common shares. In connection with the termination of the Continental Power Exchange, Inc. Stock Option Plan, Continental Power Exchange, Inc. sold 209,122 shares of common stock in ICE's initial public offering in November 2005, representing all shares of stock subject to exercisable options

Table of Contents

under the Continental Power Exchange, Inc. Stock Option Plan. As part of each holder's agreement to terminate the Continental Power Exchange, Inc. Stock Option Plan and cancel all of their outstanding and vested options, Continental Power Exchange, Inc. paid each holder an amount equal to (i) the net proceeds received by Continental Power Exchange, Inc. in connection with its sale in the offering of the respective number of shares of common stock underlying such holder's options, less (ii) the aggregate exercise price of such holder's respective options, less (iii) applicable Federal and state withholding taxes. Mr. Sprecher did not sell any of his interest in the offering, and Continental Power Exchange, Inc. sold solely in connection with the termination of the Continental Power Exchange, Inc. Stock Option Plan.

- (4) Mr. Vice received a net cash payment from Continental Power Exchange, Inc. in the amount of \$2,025,828 for canceling 144,222 exercisable Continental Power Exchange, Inc. options in November 2005. This amount was equal to (i) the net proceeds received by Continental Power Exchange, Inc. in connection with its sale in ICE's initial public offering of 144,222 shares of ICE common stock underlying these options, less (ii) the aggregate exercise price of these options, less (iii) applicable Federal and state withholding taxes. These Continental Power Exchange, Inc. options were exercisable by payment to Continental Power Exchange, Inc., not ICE.
- (5) Mr. Marcial received a net cash payment from Continental Power Exchange, Inc. in the amount of \$561,172 for canceling 36,055 exercisable CPEX options in November 2005. This amount was equal to (i) the net proceeds received by Continental Power Exchange, Inc. in connection with its sale in ICE's initial public offering of 36,055 shares of ICE common stock underlying these options, less (ii) the aggregate exercise price of these options, less (iii) applicable Federal and state withholding taxes. These Continental Power Exchange, Inc. options were exercisable by payment to Continental Power Exchange, Inc., not ICE.

Limitation of Liability and Indemnification of Officers and Directors

ICE's charter generally provides that its directors will not be liable to it or to its shareholders for breach of a fiduciary duty. ICE's bylaws generally provide for indemnification against all losses actually incurred by directors and senior officers in connection with any action, suit or proceeding relating to their position as a director or senior officer. These provisions of ICE's charter and bylaws are discussed further under the heading "Description of ICE's Capital Stock - Limitation of Liability and Indemnification Matters."

Certain Relationships and Related Party Transactions***Relationships with Our Stockholders******Continental Power Exchange Put Agreement***

As a part of the transactions surrounding our formation, we entered into an agreement with our predecessor company, Continental Power Exchange, Inc., on May 11, 2000. Our chief executive officer, Mr. Sprecher, owned then and continues to own substantially all the equity interests in Continental Power Exchange, Inc. Pursuant to the agreement, Continental Power Exchange, Inc. conveyed all of its assets and liabilities to us. These assets included intellectual property that we used to develop our electronic platform. In return, we issued to Continental Power Exchange, Inc. a 7.2% equity interest in our business, and we agreed to give Continental Power Exchange, Inc. a put option, by which Continental Power Exchange, Inc. could require us to buy its equity interest in our business at the purchase price equal to either our fair market value or \$5 million, whichever is greater.

In connection with our initial public offering, in October 2005 we entered an agreement with Continental Power Exchange, Inc. and Mr. Sprecher to terminate the put option upon the closing of our initial public offering. In connection with the termination of the put option, we amended certain registration rights previously granted to Continental Power Exchange, Inc. pursuant to which, as described below, we may be obligated to pay the expenses of registration of such shares, including underwriting discounts up to a maximum of \$4.5 million.

Mr. Sprecher currently owns 98.5% of the equity interest in Continental Power Exchange, Inc. and holds an irrevocable proxy enabling him to vote the remaining 1.5%. Continental Power Exchange, Inc. currently has no assets other than its equity interest in us and conducts no operations.

Table of Contents

Continental Power Exchange, Inc. Stock Option Plan

Four of our executives and employees held options that were granted between 1998 and 1999 under the Continental Power Exchange, Inc. Stock Option Plan, which was terminated in November 2005 in connection with our initial public offering. These option holders included our (i) president and chief operating officer and (ii) senior vice president, chief technology officer. These options gave the holder the right to purchase shares of our common stock from Continental Power Exchange, Inc., and were fully vested. The exercise price for these options ranged from \$1.04 to \$1.72 per share. In total, there were 209,122 options outstanding under the Continental Power Exchange, Inc. Stock Option Plan, which could have been exercised against Continental Power Exchange, Inc.'s total equity stake in us. In connection with the termination of the Continental Power Exchange, Inc. Stock Option Plan, Continental Power Exchange, Inc. sold 209,122 shares of common stock in our initial public offering, representing all shares of our common stock underlying the outstanding and vested options. As part of each holder's agreement to terminate the Stock Option Plan and cancel all of their outstanding and vested options, Continental Power Exchange, Inc. paid each holder an amount equal to (i) the net proceeds received by Continental Power Exchange, Inc. in connection with its sale in the offering of the respective number of shares of common stock underlying such holder's options, less (ii) the aggregate exercise price of such holder's respective options, less (iii) applicable Federal and state withholding taxes. No payments were made to Mr. Sprecher in connection with the sale by Continental Power Exchange, Inc. of the 209,122 shares of common stock.

Registration Rights

In connection with the agreement to terminate Continental Power Exchange, Inc.'s put option, we amended certain registration rights previously granted to Continental Power Exchange, Inc., which owns 2,197,813 shares of our outstanding common stock. All of the equity interest in Continental Power Exchange, Inc. is owned by Mr. Sprecher, our chairman and chief executive officer, and members of his family. Under this agreement, Continental Power Exchange, Inc. is entitled to require us to register for resale into the public market the common stock Continental Power Exchange, Inc. received upon conversion of its Class A2 shares it held if Mr. Sprecher's employment with us has been terminated. In addition, we may be obligated to pay the expenses of registration of such shares, including underwriters discounts up to a maximum of \$4.5 million.

In addition, in connection with our initial public offering, we entered into a registration rights agreement with certain shareholders, including, among others, The Goldman Sachs Group, Inc. and Morgan Stanley Capital Group Inc. (each an affiliate of the lead underwriters of this offering), Total Investments USA Inc. and Société Générale Financial Corporation (an affiliate of an underwriter of this offering). The registration rights agreements contain provisions relating to S-3 demand rights, piggy-back rights and lockups, among others.

Relationships with Our Directors

Chicago Climate Exchange Agreements

One of ICE's directors, Richard L. Sandor, is also the chairman, chief executive officer and principal owner of the Chicago Climate Exchange, Inc., which operates futures and OTC markets for the trading of emissions. In July 2003, ICE entered into an agreement with the Chicago Climate Exchange to provide hosting services for the trading of the Chicago Climate Exchange emissions on our electronic platform. Under this agreement, the Chicago Climate Exchange is required to pay us an annual license fee of \$725,000 and an annual service fee of \$500,000. The Chicago Climate Exchange is also required to pay us for certain technology development work at an agreed upon rate. The initial term of this agreement expires in December 2006. The terms of this agreement provide for automatic renewal for additional one year periods following the expiration of the initial term, unless either party provides at least six months' notice of its intention not to renew.

In May 2004, we entered into a listing agreement with the Chicago Climate Exchange under which we agreed to allow the Chicago Climate Exchange to make certain emissions contracts available for trading in its emissions trading market, which we host on our platform, and to delist such contracts from trading on our

Table of Contents

platform. Pursuant to this agreement, the Chicago Climate Exchange is obligated to pay us 10% of the gross revenues earned by the Chicago Climate Exchange in connection with trading in these contracts.

In August 2004, we entered into a license agreement with the Chicago Climate Exchange in respect of certain of its intellectual property relating to an emission reduction trading system and method. Pursuant to our agreement, the Chicago Climate Exchange granted to us, our affiliates (including ICE Futures) and any of our contractors, agents and service providers a perpetual, non-exclusive, royalty-free license, including any patents or related applications thereto, in relation to such intellectual property. Pursuant to the terms of this agreement, we also acknowledged the Chicago Climate Exchange's ownership of the intellectual property and agreed not to challenge the ownership, validity or enforceability of the intellectual property.

In addition, in August 2004, ICE Futures entered into a Cooperation and Licensing Agreement with the Chicago Climate Exchange. Pursuant to this agreement, the Chicago Climate Exchange and ICE Futures formed a cooperative relationship for the purposes of promoting the development of a European emissions trading market through, in particular, the trading of emissions contracts on our electronic platform. The agreement provides for the Chicago Climate Exchange to fund ICE Futures development and operating costs in relation to the emissions contracts, in return for which the Chicago Climate Exchange receives 75% of net transaction fee income from the emissions contracts (after the deduction of operating costs). Pursuant to an amendment to this agreement effective June 28, 2006, the amount that the Chicago Climate Exchange is entitled to receive decreased to 72.5%. In December 2004, the European Climate Exchange, which is a subsidiary of the Chicago Climate Exchange, acceded to the terms of the Cooperation and Licensing Agreement. Emissions contracts refer to any cash or spot or futures contract for European emissions allowances traded on our platform pursuant to this agreement. Consistent with, and subject to, its legal and regulatory obligations and the provisions of this agreement, ICE Futures has agreed, among other obligations, to:

use commercially reasonable efforts to cooperate with the Chicago Climate Exchange in the design and listing of the emissions contracts;

manage, in cooperation with us, the process of modifying our electronic platform and other hardware and software as necessary to allow the trading of the emissions contracts;

provide required market supervision, compliance and regulatory arrangements; and

obtain the necessary regulatory approvals to allow the trading of the emissions contracts from trading screens located in the United Kingdom, Germany, France, the Netherlands, Switzerland, Sweden, Norway, the United States, and such other countries as ICE Futures and the Chicago Climate Exchange agree.

The term of this agreement concludes on the later of December 31, 2012 and the date on which Phase I of the European Emissions Allowances Trading Scheme terminates, unless sooner terminated pursuant to special termination provisions of the agreement. The terms of this agreement provide for automatic renewal periods of one year following the conclusion of the term, unless terminated earlier by either party upon written notice provided no later than twelve months prior to the end of the term, or three months prior to the end of any renewal period.

During the nine months ended September 30, 2006 and during the year ended December 31, 2005, we recognized \$1.2 million and \$1.8 million in revenues, respectively, pursuant to these agreements.

Intercompany Agreements

License and Services Agreements

In May 2003, we entered into a Software License Agreement and an Atlanta Services Agreement with our subsidiary, ICE Futures, pursuant to which we provide ICE Futures with access to our electronic platform. Pursuant to the Software License Agreement, we have granted ICE Futures a license to use software related to

Table of Contents

our electronic platform, which ICE Futures may sub-license to its members and their customers. The Atlanta Services Agreement requires us to provide hosting, helpdesk and other services to ICE Futures. These agreements are designed to assist ICE Futures in meeting certain of its regulatory obligations as a Recognized Investment Exchange. ICE Futures is required to pay us for the license and related services pursuant to the terms of the agreements, which have been set on the same basis as we would negotiate with an unrelated third party. Similar agreements exist between ICE Futures and two of our other U.K.-based subsidiaries in respect of disaster recovery services and U.K. helpdesk services.

Recharge Agreement

In December 2002, we entered into a Recharge Agreement with ICE Futures under which ICE Futures agreed to incur costs associated with stock issued to ICE Futures employees upon their exercise of options granted under the 2000 Stock Option Plan. Under the terms of the agreement, ICE Futures is required to pay us as soon as reasonably practicable after the exercise of an option an amount equal to the difference between the option exercise price and the value of the shares on the date of exercise. The agreement, which was amended in April 2004, limits ICE Futures' maximum liability under the Recharge Agreement to \$18.0 million. ICE Futures paid us an aggregate of \$19,614 under this agreement in 2005.

Other

Kelly L. Loeffler, a corporate officer and our vice president, investor and public relations, is married to Jeffrey C. Sprecher, our chairman and chief executive officer. Since joining our company in September 2002, Ms. Loeffler has reported directly to Richard V. Spencer, our senior vice president and chief financial officer. In 2005, Ms. Loeffler received total cash compensation of approximately \$400,000.

Principal Shareholders

The table below sets forth information regarding the beneficial ownership of ICE's common stock on an actual basis as of November 14, 2006 with respect to:

each person who is known by ICE to be the beneficial owner of 5% or more of ICE's outstanding common stock;

each director and named executive officer of ICE named in the Summary Compensation Table above under the heading "Management"; and

all of the executive officers and directors of ICE as a group.

Beneficial ownership is determined under the rules of the SEC and generally includes voting or investment power over securities. Except in cases where community property laws apply or as indicated in the footnotes to this table, ICE believes that each shareholder identified in the table possesses sole voting and investment power over all shares of common stock shown as beneficially owned by the shareholder. Shares of common stock subject to options or warrants currently exercisable or exercisable within 60 days of November 14, 2006 are deemed outstanding for purposes of computing the percentage ownership of the person holding such options or warrants, but are not deemed outstanding for purposes of computing the percentage ownership of any other person. As of November 14, 2006, there were 57,589,567 shares of common stock issued and outstanding, and ICE's common stock was held by 71 shareholders of record. Unless indicated below, the address of each individual listed below is 2100 RiverEdge Parkway, Suite 500, Atlanta, Georgia 30328.

Table of Contents

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Shares	Percentage
Sands Capital Management, LLC(1) 1100 Wilson Blvd., Suite 3050 Arlington, VA 22209	6,942,438	12.1%
Delaware Management Holdings(2) 2005 Market Street Philadelphia, PA 19103	6,047,297	10.5%
FMR Corp.(3) 82 Devonshire Street, Boston, MA 02109	4,277,362	7.4%
Directors and Executive Officers:		
Charles R. Crisp(4)(5)	32,834	*
Jean-Marc Forneri(4)(6)	32,590	*
Sir Robert Reid(4)	17,445	*
Frederic V. Salerno(4)	16,840	*
Dr. Richard L. Sandor(4)	31,113	*
Judith A. Sprieser(4)	21,676	*
Vincent Tese(4)	16,676	*
Jeffrey C. Sprecher(7)(8)	2,460,705	4.2%
Richard V. Spencer(7)	104,888	*
Charles A. Vice(7)	151,987	*
David S. Goone(7)	103,507	*
Edwin D. Marcial(7)	82,784	*
All directors and executive officers as a group (14 persons)	3,222,788	5.5%

* Represents less than 1%.

- (1) Based solely on information in Schedule 13G dated July 17, 2006 filed by Sands Capital Management, LLC and includes shares beneficially owned by clients of Sands Capital Management, LLC.
- (2) Based solely on information in Schedule 13G dated November 8, 2006 filed by Delaware Management Holdings and includes shares beneficially owned by Delaware Management Business Trust.
- (3) Based solely on information in Schedule 13G dated February 14, 2006 filed by FMR Corp. and includes 3,954,862 shares of common stock held by Fidelity Management & Research Company, 183,600 shares of common stock held by Fidelity Management Trust Company and 138,900 shares of common stock held by Fidelity International Limited, each of which is an affiliate of FMR Corp.
- (4) Beneficial ownership of each director includes stock options exercisable within 60 days of November 14, 2006 under the 2000 Stock Option Plan, restricted stock unit awards that vest within 60 days of November 14, 2006 under the 2004 Restricted Stock Plan, and restricted stock unit awards that vest within 60 days of November 14, 2006 under the 2003 Restricted Stock Deferral Plan for Outside Directors.
- (5) Includes 4,000 shares of common stock held by Mr. Crisp's spouse.
- (6) Includes 5,000 shares of common stock held by Atalant Inc., of which Mr. Forneri is an affiliate.
- (7) Beneficial ownership of each executive officer includes stock options exercisable within 60 days of November 14, 2006 under the 2000 Stock Option Plan, and restricted stock unit awards that vest within 60 days of November 14, 2006 under the 2004 Restricted Stock Plan.
- (8) Includes 2,098,912 shares of common stock held by Continental Power Exchange, Inc. and 2,268 shares of common stock and 34,605 shares of common stock underlying stock options exercisable within 60 days of November 14, 2006 under the 2000 Stock Option Plan held by Mr. Sprecher's spouse. As of November 14, 2006, Mr. Sprecher owns 97.0% of the equity interest in Continental Power Exchange, Inc. and holds an irrevocable proxy enabling him to vote the remaining 3.0%. Continental Power Exchange, Inc. currently has no assets other than its equity interest in us and conducts no operations. Mr. Sprecher disclaims beneficial ownership of the shares underlying stock options held by his spouse.

Table of Contents

INFORMATION ABOUT NYBOT

General

NYBOT, New York's first futures exchange, is a leading global futures and options exchange for trading in a broad array of soft agricultural commodities, including cocoa, coffee, cotton, frozen concentrated orange juice, or FCOJ, and sugar. For well over a century, NYBOT and its predecessors provided marketplaces that bring together industry representatives, traders and investors to engage in price discovery, price risk transfer and price dissemination for their commodities. NYBOT's exchange also provides trading in futures and option contracts for a variety of financial products, including its exclusive futures and options contracts based on the U.S. Dollar Index, or USDX. As an open-outcry exchange, NYBOT provides floor-based trading for all of its agricultural and financial products. NYBOT's exchange is supported by its designated clearing house, the New York Clearing Corporation, or NYCC, a wholly-owned subsidiary of NYBOT, which clears and provides financial security to its clearing members for each contract traded on its exchange.

NYBOT's and its predecessors' long relationship with the cotton, cocoa, coffee, sugar and citrus industries has led to NYBOT's substantial involvement with the physical marketplace for these commodities. NYBOT provides services directly and indirectly to the physicals market, including warehouse licensing for coffee, cocoa and wood pulp, grading and certification for coffee and cocoa, and electronic documentation and transfer capabilities for coffee, cocoa and orange juice (both exchange deliveries and commercial transactions) through NYBOT's electronic commodity operations and processing system known as eCOPS. NYBOT also provides market data services to the trading community through third party vendors and by making its real time market data directly available to users over the Internet through NYBOTLive, a direct data link that can be customized by individual users.

NYBOT derives a substantial portion of its revenues from transaction fees relating to trading on its exchange. In 2005, over 37.9 million futures and options contracts were traded on NYBOT's exchange, up 20% compared to approximately 31.7 million contracts traded in 2004. NYBOT has experienced solid growth since 2001 and particularly since opening its new floor trading facility in lower Manhattan, beginning in September 2003. On a consolidated basis, NYBOT reported \$72.9 million and \$85.6 million in revenues for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively, representing a 13.3% and 16.3% increase, respectively, compared to the comparable period in the prior year. NYBOT reported net income of \$13.9 million and \$12.9 million for the nine months ended September 30, 2006 and the year ended December 31, 2005, respectively.

NYBOT's History

NYBOT traces its history to 1870, when the New York Cotton Exchange, or NYCE, was founded, and to 1882, when the Coffee Exchange of New York City, or the Coffee Exchange, was founded. In 1914, the Coffee Exchange began trading sugar futures (currently NYBOT's largest market) and in 1916 became the New York Coffee and Sugar Exchange. In 1925, the New York Cocoa Exchange was founded to trade cocoa futures, and merged with the New York Coffee and Sugar Exchange in 1979 to form the Coffee, Sugar & Cocoa, Exchange, Inc, or CSCE.

In 1998, the CSCE and the NYCE formed the Board of Trade of the City of New York, Inc. as their parent company. In 2004, the two exchanges merged formally into NYBOT thereby establishing one exchange known as the New York Board of Trade, a not-for-profit membership organization.

NYBOT's clearing house, NYCC, was founded in 1915 as the Commodity Clearing Corporation, which served as the clearing house of NYCE. NYCC now serves as the designated clearing house for all NYBOT transactions.

NYBOT's predecessor exchanges have changed names, merged, expanded and added new products over the years, including financial products such as futures and options based on the USDX. In 1994, NYCE opened a

Table of Contents

trading floor in Dublin for FINEX, NYBOT's financial instruments division, and added a number of currency cross-rate futures contracts. In the same year, NYCE further expanded its product line when it acquired the New York Futures Exchange, Inc., or NYFE, from the New York Stock Exchange, Inc. and began trading futures and options based on the NYSE Composite Index and the Commodity Research Bureau, or CRB, Futures Price Index (which has since been revised to become the Reuters Jefferies Futures Price Index). In 1999, NYBOT began offering Russell Equity Index products with the launch of Russell 1000 Index futures and options.

September 11, 2001, was a difficult and defining moment for NYBOT when the destruction of the World Trade Center forced NYBOT to re-locate to its back up facility in Long Island City, New York and remain there for two years. In 2003, NYBOT moved into a new state-of-the-art trading facility in the World Financial Center, continuing its long history in lower Manhattan.

NYBOT's Competitive Strengths

NYBOT has established a reputation as a premier global marketplace for the trading of futures contracts and options on futures contracts on soft agricultural commodities. NYBOT believes that its recognition as a leading commodity marketplace is attributable to the following competitive strengths:

Highly Liquid Markets

NYBOT provides highly liquid markets and a number of benchmark contracts for several of the world's longest-traded agricultural commodities. NYBOT believes that the liquidity of its markets and the quality of its price discovery are key factors in attracting and retaining its market users. The underlying notional value of the total number of contracts traded in NYBOT's five major agricultural contract markets in 2005 was approximately \$647 billion and NYBOT's open interest—the number of outstanding contracts—at the end of 2005 was 2.1 million contracts. Open interest is a leading indicator of liquidity. NYBOT provides other value-added services that increase market access for current and potential users, and support the work of floor brokers and traders to deepen the liquidity.

Benchmark Contracts

Several of NYBOT's core products serve as global benchmarks for managing risk relating to exposure to price movements in the underlying commodities. NYBOT's Sugar No. 11 futures contract serves as the benchmark for raw sugar, a basic commodity now produced in over 120 countries and consumed by every country in the world. NYBOT's Coffee C and Cotton No. 2 contracts are also recognized as benchmark contracts. These product brands have been synonymous with the two predecessor exchanges that formed the NYBOT—the Coffee, Sugar & Cocoa Exchange and the New York Cotton Exchange. NYBOT believes that its existing liquidity and history and that of its predecessors in trading these core products for over 100 years sets it apart from larger U.S. derivatives exchanges that are not as closely identified with these particular products and has led to sustained business activity and the development of strong industry relationships.

Clearing Capabilities

NYBOT owns its own clearing house, NYCC, which clears and settles contracts traded on or subject to the rules of NYBOT. NYCC and its predecessor clearing houses have provided continuous financial security for NYBOT's markets for over 90 years. NYCC is a CFTC-registered derivatives clearing organization that is subject to CEA and CFTC regulation. In 2005, NYCC implemented the Extensible Clearing System, known as ECS. NYCC purchased the source code, for the version of ECS used by NYCC, from OnExchange, Inc. This flexible Internet-based clearing system has given NYCC the ability to provide its clearing members with real-time clearing information and the ability to complete clearing processes more efficiently. Since its introduction, end-of-day processing time has been reduced by over 50%. ECS permits NYCC to increase its capacity by simply adding hardware to the system. NYCC is a key part of NYBOT's identity as a reliable and secure marketplace for global transactions.

Table of Contents

With a recognized and highly respected clearing operation, NYBOT believes that NYCC's assurance of performance to its clearing members is a major attraction to its markets by substantially reducing counterparty risk.

Product and Service Development

In response to changes in the global business environment, NYBOT seeks to develop and expand its product offerings. NYBOT has developed products in its agricultural markets designed to appeal to commodity trading advisors and other professional money managers and investors as well as retail traders who seek commodities in a portfolio. NYBOT markets also provide exposure beyond its agricultural commodities to currency, equity-index and commodity-index based products. NYBOT has introduced service initiatives for market participants, including web-based market data services, technical analysis tools, market commentary and industry information along with physical market support services such as electronic title transfer and delivery.

A Tradition of Service to the Commodity Industry

NYBOT has a long history of involvement and has developed strong relationships with the cotton, coffee, sugar, cocoa and citrus industries. NYBOT has built upon its expertise and these relationships to expand the areas of services that it provides directly and indirectly to the physical market. NYBOT is viewed as independent and impartial, and it works closely to support commodity industry growth. Its relationship with the physical markets also allows it to expand its services to commercial, off-exchange transactions.

NYBOT's Products

NYBOT offers a range of products that can be traded on its exchange. NYBOT offers markets in futures and options on futures contracts in two product categories: agricultural products and financial products. NYBOT continually reviews the commodities and financial markets to explore new areas of risk management and consider opportunities for new product development. NYBOT works closely with product-specific contract committees to consider changes to existing contracts (such as new port designations) and to research, evaluate and develop new products, such as the recently introduced wood pulp and ethanol contracts.

Agricultural Products

NYBOT is a leading world market for the trading of coffee, sugar, cotton, orange juice and cocoa futures and options. NYBOT has offered trading in traditional agricultural commodities for over 100 years and has maintained a strong franchise in these products. NYBOT currently offers futures contracts on cocoa, coffee, cotton, FCOJ, not from concentrate orange juice, or NFC orange juice, wood pulp, ethanol, sugar and options on those contracts. Its markets are designed to provide effective pricing and hedging tools to industry users worldwide as well as strategic opportunities for individual and institutional investors. The prices for many of these agricultural contracts serve as a global benchmark for the physical markets represented on its exchange, including Sugar No. 11 (world raw sugar), Coffee C (arabica coffee) and Cotton No. 2 (cotton). NYBOT is the exclusive exchange marketplace for the Coffee C, Cotton No. 2, Sugar No. 11 and Sugar No. 14 futures and options on futures contracts. FCOJ was added to NYBOT's core commodity marketplace in 1966.

In 1982, NYBOT launched the first exchange-traded option on a futures contract in the U.S. when it introduced options on Sugar No. 11 futures. Options on the other traditional agricultural futures were added in the mid-1980s. Sugar has recently been used to produce ethanol, a fuel additive, which has contributed to greater volatility in sugar prices and an increased use of sugar futures and options on futures for risk management. Sugar remains NYBOT's largest market and sugar futures and options on sugar futures represent a major growth area for NYBOT.

Through its close cooperation with these agricultural industries, NYBOT markets have contributed to the development of innovative and internationally recognized futures and options contracts that reflect the basic

Table of Contents

needs of the underlying commodity industry. NYBOT's contract committees, in conjunction with industry representatives, continuously review these contracts and trading practices to adjust specifications and procedures to introduce new contracts when cash market conditions warrant change. As the risk management needs and investment opportunities in the global marketplace grow more complex, NYBOT is well positioned to offer market participants an expanding range of products that can service inter-market strategies as well as individual industry management goals.

Agricultural products have historically accounted for most of NYBOT's trading volume. In 2005, agricultural products represented approximately 87.4% of the total number of contracts traded in NYBOT's markets. NYBOT's Sugar No. 11 contract achieved a total volume record of 16.6 million futures and options contracts traded in 2005 accounting for nearly 44% of NYBOT's total trading volume. In 2006, the number of sugar contracts traded again achieved record levels. In the first nine months of 2006, Sugar No. 11 options trading volume established a new annual record, which was more than 100% above the prior year.

Financial Products

NYBOT offers financial products in the currency markets, equity index and commodity index markets.

Currency Markets

FINEX, NYBOT's global currency futures and options division, introduced its currency markets with the launch of the USDX futures contract in 1985. The USDX serves as a recognized barometer of the value of the U.S. Dollar. Since that time, NYBOT has expanded its currency products by adding currency cross-rate contracts in 1994 and opening a second trading floor in Dublin. In 1998, FINEX introduced a series of products based on the Euro and a new Euro-based contract.

Through FINEX, NYBOT offers specialized management tools such as financial cross-rate contracts to complement its global agricultural markets. FINEX provides futures and options markets for a variety of currency pair contracts including euro-based, U.S. dollar-based, yen-based, sterling-based and other useful cross-rates as well as its original contract based on the USDX. Through its trading capabilities and product flexibility, we believe FINEX is able to quickly and effectively respond to the challenges of currency evolution. By identifying interbank market signals and customer needs, FINEX has created currency contracts and defined trading procedures that serve the business goals of the institutional financial manager.

In 2005, contracts traded in NYBOT's currency markets represented approximately 9.6% of the total number of contracts traded in NYBOT's futures and options markets in 2005.

Equity and Commodity Index Markets

In 1982, the futures industry introduced equity index futures and options to provide institutional investors a new resource for attaining performance goals. Futures and options on futures contracts based on equity indices are intended to allow traders and investors the opportunity to invest in an index that is representative of a given market, in selected portions of the market or in the relative performance of the various market segments relative to one another and relative to the entire market. In 1982, the NYFE, then a wholly-owned subsidiary of the New York Stock Exchange, Inc., began trading futures contracts based on the NYSE Composite Index. In 1986, NYFE introduced a futures contract based on the world's leading indicator of commodity prices at that time—the Commodity Research Bureau Futures Price Index. Since that time, NYBOT has introduced futures and options contracts on the Russell Indices of U.S. equities, beginning with the Russell 1000 Index in 1999, followed by the Russell 2000 and the Russell 3000 along with the value and growth components of these indices.

In 2005, contracts traded in NYBOT's equity and commodity index markets represented approximately 3.0% of the total number of contracts traded in NYBOT's markets.

Table of Contents

Trade Execution

NYBOT currently provides trade execution through its open-outcry, physical trading floors. One trading facility is located in lower Manhattan for trading in all of NYBOT's markets and the other facility is located in Dublin, Ireland for trading in NYBOT's currency markets. NYBOT's open-outcry trading venues provide a transparent, reliable and secure marketplace for price discovery for a core group of soft commodities and a range of financial products. The open-outcry trading venue provides markets for NYBOT's products by facilitating the public auction of orders in trading pits—a centralized meeting place for NYBOT members who are either floor traders or floor brokers to trade NYBOT's products either on their own behalf or on behalf of others. Orders by market participants not physically located on the trading floor are communicated to floor brokers either telephonically or, increasingly, through NYBOT's electronic order routing system, known as NYBOT RouteOne. The trading floor in New York, which covers approximately 12,000 square feet, has booths surrounding the trading pits from which member firm personnel can communicate with customers regarding current market activity and prices and receive orders either electronically or by telephone. In addition, NYBOT's trading floor displays current market information and news.

NYBOT's leadership in the trading of soft commodities and its history of operating an open-outcry exchange has led to the establishment of a strong community of local traders in its markets, who contribute to the liquidity of NYBOT's markets by taking on risk and making markets. NYBOT also relies on its traders for specialized product knowledge, such as sophisticated options traders who can structure and price complex options strategies for market users, and for the provision of customized client services based on the unique characteristics of its contract markets. NYBOT's open-outcry trading floor leverages its members' market-making expertise by utilizing hundreds of participants to facilitate liquidity and to provide floor brokers with a mechanism to manage execution risk for customers.

NYBOT believes that many market participants find the open-outcry venue to be an efficient mechanism for price discovery, however, it recognizes the advantages and increasing acceptance and adoption of electronic trading. Through its merger with ICE, NYBOT will be able to offer electronic access to certain of its markets with the goal of increasing the liquidity and volume of contracts traded in those markets and maintaining its competitive position as a sector leader. NYBOT also seeks to attract new participants to its markets by more effectively competing with exchanges that already offer side-by-side trading in electronic and open-outcry markets.

NYBOT has developed and implemented technology to automate many aspects of the open-outcry trading process to increase operational efficiencies and improve risk management. These support features include electronic order routing and order book management, hand-held units for trade and price reporting, telecommunications and web access to multiple information sources.

Clearing Services

NYBOT owns its own clearing house, NYCC, which clears and settles contracts traded on or subject to the rules of NYBOT. NYCC and its predecessor clearing houses have provided continuous financial security for NYBOT's markets for over 90 years. NYCC is a CFTC-registered derivatives clearing organization that is subject to CEA and CFTC regulation. In 2005, NYCC implemented the Extensible Clearing System, known as ECS. NYCC purchased the source code, for the version of ECS used by NYCC, from OnExchange, Inc. This flexible Internet-based clearing system has given NYCC the ability to provide its clearing members with real-time clearing information and the ability to complete clearing processes more efficiently. Since its introduction, end-of-day processing time has been reduced by over 50%. ECS permits NYCC to increase its capacity by simply adding hardware to the system. NYCC is a key part of NYBOT's identity as a reliable and secure marketplace for global transactions.

Market Data Services

NYBOT's markets generate valuable information regarding the prices of its products and the trading activity in those markets. NYBOT sells its market data, which includes bids, offers, trades and other key price

Table of Contents

information to vendors who redistribute the data to persons or entities that use NYBOT's markets or to those that monitor general economic conditions and commodity prices. Such persons and entities include financial information providers, futures commission merchants, banks, broker-dealers, public and private pension funds, investment companies, mutual funds, insurance companies, hedge funds, commodity pools, individual investors and other financial services companies or organizations. As of December 31, 2005, NYBOT's market data was displayed on approximately 31,000 screens worldwide and revenues from market data represented approximately 20.8% of its total consolidated revenues in 2005.

NYBOT believes that the market data services it provides to the trading community enhances trading activity in its products and in related cash and derivatives markets. The dissemination of real-time data generates revenue and supports its customers with timely market information. In general, the price information is sent via dedicated networks to 75 worldwide quote vendors and subvendors. These firms consolidate the market data and information with data from other exchanges and third-party data and news services and the firms resell the consolidated data and information to their subscribers. These quote vendors distribute NYBOT's data through dedicated networks, the Internet and wireless handheld devices. NYBOT also makes its market data available to customers directly on the Internet through NYBOTLive, a direct data link that can be customized by individual users.

In addition to the sale of market trading data, NYBOT is actively engaged in the design and development of educational materials and programs. NYBOT uses a variety of means for its instructional efforts, including its website, video, audio and software presentations, and a wide range of brochures, publications and other printed materials. NYBOT also develops and presents a large number of workshops and seminars with its own professional staff or in conjunction with the broker community, technical market analysis and other underlying or futures industry specialists.

Other Services

As a leader in service to physicals markets such as coffee and cocoa, NYBOT has innovated targeted technology, including its exclusive eCOPS electronic commodity operations platform, NYBOTLive (a direct real-time market data service), and the Exchange's own electronic order routing (NYBOT RouteOne) and Order Book Management System, known as OBMS.

NYBOT provides many services to its market participants. Two of the more unique and innovative services that NYBOT provides are eCOPS and grading.

eCOPS

eCOPS is a web-based electronic document management system that automates the costly and inefficient manual document handling processes associated with the physical deliveries of commodities. The physical delivery of commodities requires valid ownership records to convey the title of the commodity from the seller to the buyer. The central document necessary to accomplish transfer of ownership is the warehouse receipt. To address and automate this requirement, eCOPS streamlines the handling of physical commodities during storage and delivery by providing the capability to create electronic documents for warehouse receipts, invoices, shipping, weighing, sampling and grading. eCOPS has been designated by the United States Department of Agriculture as a provider of a centralized filing system on which electronic warehouse receipts may be issued consistent with the United States Warehouse Act, for coffee, cocoa and orange juice.

eCOPS also acts as an electronic interchange and central repository for all data entered by the registered users. Through its system of internal computerized protocols, eCOPS automatically routes each document and corresponding events to all corresponding recipients immediately upon creation or modification of the documents. Provisions for other warehoused commodities are planned for future eCOPS releases. As a USDA designated provider of electronic documents for the coffee, cocoa and orange juice industries, eCOPS helps the industries to address the new Food Security rules from U.S. Customs and the FDA.

Table of Contents

Grading

NYBOT is a premier provider of coffee and cocoa grading globally. Grading and classification of commodities involves inspection for defects, size and quality. Before coffee and cocoa can be delivered in exchange-segregated lots, the coffee and cocoa must be classified and graded. For coffee, the grading standards include sound in cup and flavor, good roasting quality, the quantity of imperfections, bean size, bean color and odor. For cocoa, the grading standards include growth, description, count and grade of cocoa beans.

On October 29, 2003, NYBOT opened a new coffee and cocoa grading facility at its lower-Broadway location, a short distance from its offices in lower Manhattan. The 1,800 square foot operation is the largest green coffee grading facility in the U.S. NYBOT currently grades approximately 11,000 lots of coffee per year or 412.5 million pounds (37,500 pounds per contract), which represents an estimated 55% of total U.S. certified coffee stocks. For cocoa, NYBOT currently grades an average 7,000 lots of cocoa per year, equal to approximately 154.3 million pounds (22,046 pounds per contract). NYBOT currently has 22 cocoa graders, 20 of which are active, and 39 coffee graders, 25 of which are active. The exchange's coffee and cocoa graders determine the quality of coffee and cocoa through a variety of sensory methods. Cupping is the art of smelling and tasting the liquid form of coffee and making a determination about its quality based on the taste. Cocoa is graded by observing the beans and any deficiencies or strengths they possess. The exchange also employs two professionals who manage NYBOT's grading facility.

NYBOT plans to expand use of the grading facility to the cash marketplace and source countries, thereby enhancing its services to the industry and providing additional revenue for the exchange. In addition to grading, NYBOT-licensed warehouses store the majority of U.S. physical coffee and cocoa. As of November 13, 2006, NYBOT reported 3.6 million bags of exchange-certified arabica coffee stored in exchange-licensed warehouses in Antwerp, Hamburg/Bremman, Houston, Miami, New Orleans and New York. The stocks represent 17 of the 19 deliverable growths on the Coffee C contract. As of the same date, certified cocoa stocks in the Ports of New York, Delaware River, Hampton Roads and Baltimore totaled 4.1 million bags.

Members and Customers

NYBOT, like its predecessor exchanges, was established as a not-for-profit membership organization. NYBOT's members include representatives from segments of the underlying industries served by NYBOT markets, including, among others, the citrus, cocoa, coffee, cotton and sugar industries. Memberships are also held by futures commission merchants, floor brokers and floor traders

An equity membership in NYBOT enables members to trade any of the exchange's futures and options contracts. NYBOT also issues trading permits that allow the holder to trade a specified category of products, such as options or financial contracts. To gain membership status, members must be approved by the membership committee. All floor brokers and floor traders must be appropriately registered under CFTC regulations and must be guaranteed by a member of NYCC.

Traders in NYBOT's markets include hedgers and investors' hedgers, which are commercial firms that trade futures and options to reduce their price risk exposure in the cash market, protect their profit margins and assist in business planning. Several large multinational corporations are member firms of NYBOT and use NYBOT's markets regularly. Investors, who seek to profit from fluctuating prices, typically place an order through commodities brokerage firms known as futures commission merchants, or FCMs, or through introducing brokers, who have clearing relationships with FCMs. Investors also participate in the markets by pooling their funds with other investors in collective investment vehicles known as commodity pools, which are managed by commodity pool operators and commodity trading advisors. The CFTC requires commodity professionals to be registered by the National Futures Association—a CFTC-designated futures association that is charged with enforcing ethical, financial and customer protection standards in the futures industry.

Hedgers and investors are joined in the markets by floor traders, known as locals, who trade for their own accounts and by floor brokers who may execute customer orders and trades for their own accounts. These traders and brokers add liquidity to the market.

Table of Contents

Technology

While NYBOT is known as a traditional commodity exchange, it has introduced technological solutions to members, including through the development of eCOPS, TIPS (trade input processing system), NYBOT RouteOne (electronic order routing), OBMS (order book management system) and a state-of-the-art floor trading environment.

The technology systems supporting NYBOT's operations can be divided into three major categories:

Physical Commodity Management: Technologies that support market participants in the handling of the actual commodity.

Front-end functionality: Technologies that provide a graphical user interface for order entries and accessibility to sources of market information.

Order management: Technologies that manage the order processing from order entry to execution and confirmation.

Physical Commodity Management

In 2003, NYBOT introduced eCOPS, a web-based electronic document management system that automates the manual document handling processes associated with the physical deliveries of commodities. For a discussion of eCOPS, see "Other Services" eCOPS.

Front-End Functionality

NYBOT, through its electronic order routing, or RouteOne system, provides its market participants with direct access to the liquidity and pricing efficiency of NYBOT's open-outcry markets. Using a graphical user interface, which can be a web browser, service bureau or an independent vendor's order system, end users can enter a simple or complex order. The order is then routed directly to a broker or booth clerk for execution. Once an order has been filled, the electronic order routing system, known as EOR, sends the fill information directly to the FCMs and to the end user. By increasing the accessibility of its marketplace NYBOT is able to increase the liquidity and the pricing efficiency of its markets.

NYBOT also provides a state-of-the-art floor trading environment. NYBOT's physical floors trading feature highly sophisticated booth and ring connectivity to intranet and Internet sources of information, market data and client communication. One source of information is NYBOTLive, the exchange's customizable data link. NYBOTLive provides users with real-time price information as well as immediate market coverage through streaming video.

Order Management

NYBOT has three systems that effectively manage the order process:

Route One Route One manages the process between the order flow provider or end user and the broker. Order entry screens are provided, via the Internet that permits the end user to specify all required information regarding the trade he wishes to be executed. The order can be received either in the broker's booth, a handheld device used by the broker in the trading ring or both. If received only in the booth, an order ticket with the requisite information is automatically generated which the booth clerk then passes to the broker. If the broker is using a handheld device the order will appear thereon. In either case, the broker then executes the trade in the market and enters the information either on his trading card for submission to TIPS or on his handheld device. Route One provides for straight through processing of transactions, which serves to streamline the clearing process.

OBMS The handheld device utilized for Route One contains the OBMS software. Once the trade is executed in the ring, the fill is entered into OBMS by the broker or the booth clerk. The system automatically notifies the order flow provider that an execution has

taken place on his behalf along with

Table of Contents

such pertinent information as price and quantity. The broker handheld is updated to reflect this change in status of open orders, and the executed trade information is automatically transferred to TIPS for subsequent matching and later processing.

TIPS TIPS does all of the validating functions necessary to ensure that the execution information is complete. It also supports the matching function to confirm that both the buy and sell side of the transaction submitted independently are in agreement or to highlight where inconsistencies may be present.

Route One and OBMS facilitate straight through processing of transactions, which serves to streamline the clearing process. NYCC's ECS system provides the clearing members with a real time Internet based on line clearing system which enables each firm to receive clearing data either on Internet screens or via electronic transfer. Route One, OBMS and TIPS are all proprietary systems.

Technology Partners, Vendors and Suppliers

NYBOT maintains relationships with a range of technology partners, vendors and suppliers. If any of its contracts with its key technology partners, vendor or suppliers were terminated, NYBOT believes that it would be able to gain access on a timely basis to products and services of comparable quality, on comparable terms.

Competition

NYBOT faces competition from traditional exchanges as well as from new entrants to the derivatives exchange sector. According to publicly available data, NYBOT is currently the fourth largest derivatives exchange in the U.S. A domestic competitor historically has been the Chicago Mercantile Exchange, or CME, the largest derivatives exchange in the United States. The CME in the 1990s was in competition with NYBOT in its attempts to establish a dairy futures market as well as in its financial products markets (currency and index contracts). The Chicago Board of Trade, or CBOT, while historically not a competitor, has recently launched a corn-based, ethanol contract that competes with NYBOT's world ethanol contract. On October 16, 2006, the CME and CBOT announced that they have signed a definitive agreement to merge the two organizations to create the most extensive and diverse global derivatives exchange. NYBOT expects that competition will intensify as a result of this combination.

NYBOT also faces competition abroad from the London International Financial Futures and Options Exchange, or LIFFE, which is now part of Euronext. Currently, NYBOT only competes directly with LIFFE in the cocoa market, LIFFE lists its own robusta coffee contract and white sugar contract, which may lead to the introduction by LIFFE of contracts that compete with NYBOT's Sugar No. 11 and Coffee C Arabica contracts.

NYBOT also experiences increasing competition coming from regional exchanges such as the Tokyo Grain Exchange and the Brazilian Mercantile and Futures Exchange. At any time, a regional exchange in an emerging market country, such as India and China, or a producer country could attract enough activity from outside its borders to threaten NYBOT's status as the benchmark pricing market for that commodity.

In addition to competition from derivatives exchanges that offer comparable products, NYBOT also faces competition from other exchanges, electronic trading systems, futures commission merchants and technology firms.

Electronic trading firms that specialize in the trading of equity securities have electronic trade execution and routing systems that could be used to trade products that compete with NYBOT's products. Increased development of electronic trading market could substantially increase competition for some or all of the products and services that NYBOT currently provides. Currently, the relatively small size of NYBOT's markets has acted as a barrier of entry for other exchanges to list them. Sugar, however, has demonstrated significant growth in recent years and that growth, along with its growing status as a source for ethanol makes it more attractive.

Table of Contents

Technology companies, market data vendors and front-end software vendors also represent potential competitors because, as purveyors of market data, these firms typically have substantial distribution capabilities. As technology firms, they also have access to trading engines that can be connected to their data and information networks. Additionally, technology and software firms that develop trading systems, hardware and networks, but who are otherwise outside of the financial services industry, may be attracted to enter NYBOT's markets.

Intellectual Property

NYBOT's key strength is the brand recognition of its soft commodity products. Unlike NYBOT's U.S. competitors, which have larger corporate identities, NYBOT's primary brand identity is derived from the individual benchmark contracts that it trades. NYBOT's most significant brands are Coffee C, Sugar No. 11 and Cotton No. 2. NYBOT protects these brand names, as well as other products and services by relying on trademark law and contractual safeguards.

NYBOT owns the following registered service marks: Coffee C, eCOPS, FINEX, TIPS, U.S. Dollar Index, New York Board of Trade, USDX, and NYBOT.

NYBOT also licenses the following trademarks from third parties: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, Russell 3000, Russell 3000 Value, Russell 3000 Growth, Russell Top 200, Russell Top 200 Value, Russell Top 200 Growth, Russell MidCap, Russell MidCap Value, Russell MidCap Growth, Russell 2500, Russell 2500 Growth, Russell Small Cap Completeness Index, Russell Small Cap Completeness Value Index and Russell Small Cap Completeness Growth Index. These are trademarks and service marks of the Russell Investment Group. NYBOT does not have an exclusive license to use the trademark of the Russell Investment Group. The Russell Company has licensed all of the Russell indices to multiple users. NYBOT also licenses the NYSE Composite Index from the New York Stock Exchange, Inc. NYBOT's license with the NYSE is an exclusive license to list and trade futures and options contracts on the NYSE Composite Index. NYBOT also has an exclusive license with Reuters America, LLC to list and trade futures and options contracts on the Reuters Jefferies CRB Futures Price Index and the Continuous Commodity Index.

Marketing and Advertising

NYBOT's marketing department designs programs to educate market participants, including highly sophisticated traders, portfolio managers, corporate treasurers and other market professionals, as well as retail end-users, about innovative uses of NYBOT's products, such as new hedging and risk management strategies. NYBOT seeks to educate these users about changes in product design, margin requirements and product usage. NYBOT's marketing typically involves the development of personal relationships with market participants who actively use its markets. NYBOT participates in a number of domestic and international trade shows and seminars regarding futures and options on futures and other marketing events designed to inform market participants about its products. Through these relationships and programs, NYBOT attempts to determine the needs of its market participants and it uses this information in its product development and product maintenance efforts. For a description of the educational materials and programs designed by NYBOT to promote and develop its markets and to guide potential and existing market users in the issue of its market products, see Market Data Services above.

NYBOT's advertising strategy is based on a variety of avenues. It relies heavily on a strong media presence through public relations initiatives. Direct contacts through industry events, trade shows, conferences and seminars target specific trade groups and industry segments. Retail advertising involves institutional print, web, radio and television advertising. Educational initiatives such as the sugar options seminars in Brazil also seek to expand market usage.

Table of Contents

Property

NYBOT's executive office and its principal trading floor are located at One North End Avenue, New York, New York and comprise approximately 59,830 square feet of space. NYBOT leases this space from NYMEX under a lease that expires on July 1, 2013, unless an option to renew for five years is extended by NYMEX following the initial term. In addition, NYBOT leases spaces in lower Manhattan to house its primary computer center, its new grading facility and certain administrative offices. The leases expire on June 30, 2014 and on December 31, 2016. NYBOT also maintains a back-up facility, which contains a fully operational trading floor and a lights-out 24 by 7 computer center. NYBOT leases three parcels of space in Long Island City for this facility, which expires on December 31, 2013. Finally, NYBOT leases space in Dublin, Ireland for FINEX, its currency products division, pursuant to an operating lease, which expires on July 1, 2019, with an option to terminate on July 1, 2009.

Employees

As of September 30, 2006, NYBOT had 283 full time employees. NYBOT considers relations with its employees to be good. NYBOT has never experienced a work stoppage and is a party to a collective bargaining agreement, which represents a small percentage of its trading floor employees.

Legal Proceedings

NYBOT is party to the legal proceedings described below.

Klein v. NYBOT

On July 26, 2000, Klein & Co. Futures, Inc., or Klein, commenced a civil action, referred to as the Klein Action, in the United States District Court for the Southern District of New York (00 Civ. 5563) against numerous defendants, including NYBOT, various affiliates of NYBOT and officials of NYBOT and/or its affiliates. Klein's claims arise out of its collapse in the wake of the recalculation of settlement prices for futures and options on the Pacific Stock Exchange Technology Index (an index of technology stocks) in May 2000. Klein purported to allege federal claims arising under the CEA and various state law claims. On February 18, 2005, the District Court dismissed Klein's CEA claims with prejudice in accordance with Section 22(b) of the CEA for lack of standing and declined to exercise supplemental jurisdiction over Klein's state law claims. On September 18, 2006, a panel of the United States Court of Appeals for the Second Circuit affirmed the District Court's February 18 Decision. On October 2, 2006, Klein filed a motion for rehearing with the suggestion for rehearing *en banc* inasmuch as the panel affirmed the District Court's dismissal of its CEA claims against NYBOT and certain of its affiliates. As of this time, the Second Circuit has not invited NYBOT or its affiliates to respond to Klein's motion. On October 20, 2006, the Second Circuit granted the Futures Industry Association's motion to submit an *amicus curiae* brief in support of Klein's motion.

NYBOT v. Klein

On May 14, 2001, NYBOT and NYCC commenced an action, referred to as NYBOT's Action, in the United States District Court for the Southern District of New York (01 Civ. 4071) against Klein. NYBOT and NYCC commenced this action in their capacity as the assignees of certain claims that were held against Klein by its former customers. NYBOT's action seeks to recover money owed by Klein to those customers in the wake of Klein's collapse. In the same decision that dismissed the Klein action, the District Court dismissed all of Klein's counterclaims against NYBOT, denied NYBOT's motion for judgment on the pleadings and found that the complaint in NYBOT's action did not state a claim for which relief could be granted. However, the District Court granted NYBOT leave to replead. On April 14, 2005, NYBOT and NYCC filed an amended complaint, which Klein subsequently moved to dismiss. NYBOT and NYCC opposed that motion. Although fully briefed since August 5, 2005, Klein's motion remains *sub judice* as of this date.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA OF ICE**

The following tables present ICE's selected consolidated financial data as of and for the dates and periods indicated. ICE derived the selected consolidated financial data set forth below for the nine months ended September 30, 2006 and 2005 and as of September 30, 2006 from its unaudited consolidated financial statements that are included elsewhere in this prospectus/proxy statement. ICE derived the selected consolidated financial data set forth below for the years ended December 31, 2005, 2004 and 2003 and as of December 31, 2005 and 2004 from its consolidated financial statements, which have been audited by Ernst & Young LLP, independent registered public accounting firm, and are included elsewhere in this prospectus/proxy statement. ICE derived the selected consolidated financial data set forth below for the years ended December 31, 2002 and 2001 and as of December 31, 2003, 2002 and 2001 from its audited consolidated financial statements, which have been audited by Ernst & Young LLP, and are not included in this prospectus/proxy statement. ICE converted from a limited liability company to a corporation on June 15, 2001.

The selected consolidated financial data presented below is not indicative of ICE's future results for any period. In management's opinion, the unaudited information has been prepared on substantially the same basis as the consolidated financial statements appearing elsewhere in this prospectus/proxy statement and includes all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the unaudited consolidated data. The selected consolidated financial data set forth below should be read in conjunction with ICE's consolidated financial statements and related notes and ICE Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus/proxy statement.

	Nine Months Ended September 30,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
	(In thousands, except for share and per share data)						
Consolidated Statement of Income/(Loss)							
Data							
Revenues(1):							
Transaction fees, net(2)	\$ 190,829	\$ 100,780	\$ 136,976	\$ 90,906	\$ 81,434	\$ 118,794	\$ 63,526
Market data fees	24,589	10,670	14,642	12,290	9,624	5,237	2,589
Other	3,116	3,153	4,247	5,218	2,688	1,459	748
Total revenues	218,534	114,603	155,865	108,414	93,746	125,490	66,863
Operating expenses:							
Compensation and benefits	35,536	25,815	35,753	30,074	26,236	27,906	15,970
Professional services	8,723	8,174	10,124	12,312	13,066	14,344	7,340
Patent royalty	6,363	926	1,491	32	14		
Selling, general and administrative	17,638	13,149	17,395	16,578	16,171	17,919	9,571
Floor closure costs(3)		4,814	4,814				
Settlement expense(4)		15,000	15,000				
Depreciation and amortization	9,824	11,428	15,083	17,024	19,341	14,368	7,052
Total operating expenses	78,084	79,306	99,660	76,020	74,828	74,537	39,933
Operating income	140,450	35,297	56,205	32,394	18,918	50,953	26,930
Other income (expense), net	4,693	2,879	3,790	1,328	948	1,492	(385)
Income before income taxes	145,143	38,176	59,995	33,722	19,866	52,445	26,545
Income tax expense	50,867	12,626	19,585	11,773	6,489	17,739	10,748
Net income(5)	\$ 94,276	\$ 25,550	\$ 40,410	\$ 21,949	\$ 13,377	\$ 34,706	\$ 15,797
Redemption adjustments to redeemable stock put(6)		(20,659)	(61,319)		8,378	(10,730)	(6,144)
Deduction for accretion of Class B redeemable common stock(7)					(1,768)	(3,656)	(1,876)
	\$ 94,276	\$ 4,891	\$ (20,909)	\$ 21,949	\$ 19,987	\$ 20,320	\$ 7,777

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Net income (loss) available to common shareholders

Earnings (loss) per common share(8):

Basic	\$	1.68	\$	0.09	\$	(0.39)	\$	0.42	\$	0.37	\$	0.37	\$	0.26
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Diluted	\$	1.59	\$	0.09	\$	(0.39)	\$	0.41	\$	0.37	\$	0.37	\$	0.26
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Weighted average common shares outstanding(8):

Basic	56,069,558	52,884,917	53,217,874	52,865,108	54,328,966	54,392,602	29,778,672
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Diluted	59,268,840	53,448,161	53,217,874	53,062,078	54,639,708	54,850,095	29,873,789
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Table of Contents

- (1) Includes revenues from related parties generated in the ordinary course of ICE's business. For a presentation and discussion of ICE's revenues attributable to related parties for the years ended December 31, 2005, 2004 and 2003, see ICE's consolidated statements of income and note 13 to its audited consolidated financial statements that are included elsewhere in this prospectus/proxy statement.
- (2) ICE's transaction fees are presented net of rebates. For a discussion of these rebates, see ICE Management's Discussion and Analysis of Financial Condition and Results of Operations Sources of Revenues Transaction Fees.
- (3) In April 2005, ICE closed its open-outcry trading floor in London to take advantage of increasing acceptance and adoption of electronic trading, and to maintain and enhance its competitive position. Costs associated with the floor closure were \$4.8 million and are classified as Floor closure costs in the accompanying consolidated statement of income for the nine months ended September 30, 2005 and for the year ended December 31, 2005. Floor closure costs include lease terminations for the building where the floor was located, payments made to 18 employees who were terminated as a result of the closure, contract terminations, legal costs, asset impairment and other associated costs. No floor closure costs were incurred in prior periods and no additional closure costs are expected to be incurred. See note 18 to ICE's audited consolidated financial statements that are included elsewhere in this prospectus/proxy statement.
- (4) In September 2005, ICE settled the legal action brought by EBS related to alleged patent infringement. Under the settlement agreement, ICE made a payment to EBS of \$15.0 million, and was released from the legal claims brought against it without admitting liability. The payment was recorded as Settlement expense in the accompanying consolidated statement of income for the nine months ended September 30, 2005 and for the year ended December 31, 2005. See note 17 to ICE's audited consolidated financial statements that are included elsewhere in this prospectus/proxy statement.
- (5) The financial results for the nine months ended September 30, 2005 and for the year ended December 31, 2005 include \$4.8 million in expenses incurred relating to the closure of ICE's open-outcry trading floor in London and a \$15.0 million settlement expense related to the payment made to EBS to settle litigation. Excluding these charges, net of taxes, ICE's consolidated net income for the year ended December 31, 2005 would have been \$53.1 million. See ICE Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures.
- (6) In connection with ICE's formation, ICE granted a put option to Continental Power Exchange, Inc., an entity controlled by ICE's chairman and chief executive officer, Jeffrey C. Sprecher. The put option would have required ICE under certain circumstances to purchase Continental Power Exchange, Inc.'s equity interest in ICE's business at a purchase price equal to the greater of the fair market value of the equity interest or \$5 million. ICE initially recorded the redeemable stock put at the minimum \$5 million redemption threshold. ICE adjusted the redeemable stock put to its redemption amount at each subsequent balance sheet date. Adjustments to the redemption amount were recorded to retained earnings or, in the absence of positive retained earnings, additional paid-in capital. In October 2005, ICE entered into an agreement with Continental Power Exchange, Inc. to terminate the redeemable stock put upon the closing of its initial public offering of common stock in November 2005. ICE increased the redeemable stock put by \$61.3 million during the year ended December 31, 2005 to reflect an increase in the estimated fair value of its common stock from \$8.00 per share as of December 31, 2004 to \$35.90 per share as of November 21, 2005, the closing date of ICE's initial public offering of common stock and the termination date of the redeemable stock put. The balance of the redeemable stock put on November 21, 2005 was \$78.9 million and was reclassified to additional paid-in capital upon its termination. See note 10 to ICE's audited consolidated financial statements that are included elsewhere in this prospectus/proxy statement. In connection with the termination of the put option, ICE amended certain registration rights previously granted to Continental Power Exchange, Inc. pursuant to which it may be obligated to pay the expenses of registration, including underwriting discounts up to a maximum of \$4.5 million.
- (7) ICE redeemed all of its Class B redeemable common stock on November 23, 2004 at a price of \$23.58 per share, for aggregate consideration of \$67.5 million. Upon its issuance on June 18, 2001, ICE recorded its Class B redeemable common stock at its discounted present value of \$60.2 million. ICE recorded charges to retained earnings for the accretion of this amount up to the \$67.5 million redemption value of its Class B redeemable common stock over a two-year period ending in June 2003, which was the earliest potential redemption date.
- (8) The impact of outstanding stock options is considered to be antidilutive in the calculation of diluted earnings per share when a net loss available to common shareholders is reported. ICE's outstanding stock options have not been included in the computation of diluted loss per share for the year ended December 31, 2005 due to the \$20.9 million net loss available to common shareholders as a result of the \$61.3 million charged to retained earnings related to the redeemable stock put adjustments. Therefore, ICE's diluted loss per share is computed in the same manner as basic loss per share for the year ended December 31, 2005. If the redemption adjustments to the redeemable stock put are excluded from the calculation of earnings per share, the resulting adjusted basic earnings per share would have been \$0.76 based on the \$40.4 million in consolidated net income for the year ended December 31, 2005 and adjusted diluted earnings per share would have been \$0.74. The adjusted diluted earnings per share would have been based on 54.4 million in adjusted diluted weighted average common shares outstanding, which includes 1.2 million stock options and restricted stock having a dilutive effect for the year ended December 31, 2005. The adjusted basic and diluted earnings per share for the year ended December 31, 2005, excluding the redeemable stock put adjustments, the \$4.8 million floor closure costs and the \$15.0 million settlement expenses, would have been \$1.00 and \$0.98, respectively. See ICE Management's Discussion and Analysis of Financial Condition and Results of Operations Non-GAAP Financial Measures.

Table of Contents

	As of		As of December 31,			
	September 30, 2006	2005	2004	2003	2002	2001
(In thousands)						
Consolidated Balance Sheet Data						
Cash and cash equivalents(1)(2)	\$ 70,182	\$ 20,002	\$ 61,199	\$ 44,913	\$ 33,627	\$ 25,610
Restricted cash and restricted short-term investments(1)(3)	15,664	12,578	18,421	36,797	8,876	8,157
Short-term investments(2)	178,028	111,181	5,700	12,000	4,000	
Total current assets	311,391	164,015	100,042	105,893	60,841	46,814
Property and equipment, net	22,395	20,348	19,364	25,625	32,843	18,567
Long-term investments(4)		2,296				
Goodwill and other intangible assets, net	81,159	76,054	86,075	81,448	73,950	67,727
Total assets	420,850	265,770	207,518	214,879	170,053	134,957
Total current liabilities	35,316	26,394	34,440	17,917	17,603	30,023
Revolving credit facility current and long-term(1)(2)			25,000			
Related-party notes payable						16,201
Obligations under capital leases current and long-term			482	2,130	2,656	1,306
Class B redeemable common stock(1)				67,500	65,732	62,076
Redeemable stock put(5)			17,582	17,582	25,960	15,230
Shareholders' equity(3)(5)	379,433	232,623	132,149	101,194	50,021	19,540

- (1) The redemption of the Class B redeemable common stock occurred in November 2004 and resulted in an \$18.5 million reduction in cash and cash equivalents, a \$24.0 million reduction in restricted short-term investments, a \$25.0 million increase in current and long-term debt and a corresponding \$67.5 million reduction in Class B redeemable common stock.
- (2) ICE received net proceeds from its initial public offering of its common stock in November 2005 of \$60.8 million, after deducting the underwriting discount. ICE used a portion of these net proceeds to repay all outstanding borrowings under its \$25.0 million revolving credit facility. ICE also invested a portion of its cash in excess of short-term operating needs in investment-grade marketable debt securities and municipal bonds.
- (3) ICE adopted FASB Interpretation No. 46, Consolidation of Variable Interest Entities, during 2003, which resulted in the consolidation of a variable interest entity and an increase in restricted short-term investments and a corresponding increase in additional paid-in capital of \$24.0 million. See note 9 to ICE's audited consolidated financial statements that are included elsewhere in this prospectus/proxy statement.
- (4) Represents available-for-sale investments that ICE intends to hold for more than one year pursuant to its cash investment policy. See note 4 to ICE's audited consolidated financial statements that are included elsewhere in this prospectus/proxy statement.
- (5) In October 2005, ICE entered into an agreement with Continental Power Exchange, Inc. to cancel the redeemable stock put upon the closing of the initial public offering of its common stock in November 2005. See note 10 to ICE's audited consolidated financial statements that are included elsewhere in this prospectus/proxy statement.

Table of Contents

	Nine Months Ended September 30,		Year Ended December 31,					2001(1)
	2006	2005	2005	2004	2003	2002		
Operating Data:								
ICE's Market Share of Selected Key Products:								
Total crude oil futures contracts traded globally(2)	105,483	69,083	91,049	78,477	69,450	67,173	55,926	
ICE Brent Crude oil futures contracts traded	32,081	22,287	30,412	25,458	24,013	21,493	18,395	
ICE WTI Crude oil futures contracts traded	18,528							
ICE's crude oil futures market share(2)	48.0%	32.3%	33.4%	32.4%	34.6%	32.0%	32.9%	
Total cleared OTC Henry Hub natural gas contracts traded on ICE and NYMEX-ClearPort								
	87,648	37,533	53,166	21,241	6,869	1,170		
ICE's cleared OTC Henry Hub natural gas contracts traded	67,890	29,983	42,760	15,887	4,512	792		
ICE's market share cleared OTC Henry Hub natural gas vs. NYMEX-ClearPort(3)	77.5%	79.9%	80.4%	74.8%	65.7%	67.7%	%	
Total cleared OTC PJM financial power contracts traded on ICE and NYMEX-ClearPort								
	1,907	1,484	1,886	748	149			
ICE's cleared OTC PJM financial power contracts traded	1,767	965	1,234	513	6			
ICE's market share cleared OTC PJM financial power vs. NYMEX-ClearPort(4)	92.7%	65.0%	65.4%	68.7%	4.0%	%	%	
ICE's Average Daily Trading Fee Revenues(5):								
ICE's futures business average daily exchange fee revenues	\$ 446	\$ 222	\$ 226	\$ 179	\$ 158	\$ 125	\$ 92	
ICE's bilateral OTC business average daily commission fee revenues								
	101	81	79	80	112	330	194	
ICE's cleared OTC business average daily commission fee revenues	447	224	233	94	24	5		
ICE's OTC business average daily commission fee revenues								
	548	305	312	174	136	335	194	
ICE's total average daily exchange fee and commission fee revenues								
	\$ 994	\$ 527	\$ 538	\$ 353	\$ 294	\$ 460	\$ 286	
ICE's Trading Volume(6):								
Futures volume	64,525	30,524	42,055	35,541	33,341	30,441	26,423	
Futures average daily volume	336	162	166	140	132	121	104	
OTC volume	92,343	44,431	61,999	30,961	24,260	43,982	24,875	
OTC average daily volume	494	235	247	123	97	175	99	

- (1) Information for 2001 for ICE's futures business reflects trading activity for the entire year, including trading activity that occurred prior to ICE's acquisition in June 2001 of ICE Futures (formerly known as the International Petroleum Exchange).
- (2) Total crude oil futures contracts traded globally and ICE's resulting crude oil futures market share is calculated based on the number of ICE Brent Crude futures contracts traded and ICE WTI Crude futures contracts traded as compared to the total number of ICE Brent Crude futures contracts, ICE WTI Crude futures contracts traded and NYMEX Light Sweet Crude and London Brent Crude futures contracts traded.
- (3) ICE's cleared OTC Henry Hub market share versus NYMEX-ClearPort is calculated based on the number of ICE cleared Henry Hub natural gas contracts traded as a percentage of the total ICE cleared Henry Hub natural gas contracts and NYMEX-ClearPort Henry Hub natural gas futures contracts traded.
- (4) ICE's cleared OTC PJM financial power market share versus NYMEX-ClearPort is calculated based on the number of ICE cleared PJM financial power contracts traded as a percentage of the total ICE cleared PJM financial power contracts and NYMEX-ClearPort cleared PJM financial power contracts traded. PJM refers to the Pennsylvania, New Jersey and Maryland power trading hub. The NYMEX-ClearPort cleared PJM financial power contract was launched in April 2003 and ICE's PJM financial power contract was launched in November 2003. Data regarding the volumes of NYMEX-ClearPort cleared PJM financial power contracts traded is derived from the Futures Industry Association.
- (5) Represents the total commission fee and exchange fee revenues for the period divided by the number of trading days during the period.
- (6) Volume is calculated based on the number of contracts traded in ICE's markets, which is the number of round turn trades. Each round turn trade represents a matched buy and sell order of one contract. Average daily volume represents the total volume, in contracts, for the period divided by the number of trading days during that period.

Table of Contents**ICE MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS**

The following discussion contains forward-looking statements that involve risks and uncertainties. ICE's actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including those set forth under the heading "Risk Factors" and elsewhere in this prospectus/proxy statement. The following discussion is qualified in its entirety by, and should be read in conjunction with, the more detailed information contained in "Selected Consolidated Financial Data of ICE" and ICE's consolidated financial statements and related notes included elsewhere in this prospectus/proxy statement.

Overview

ICE operates the leading electronic global futures and over-the-counter, or OTC, marketplace for trade execution in a broad array of energy products. Currently, ICE is the only marketplace to offer an integrated electronic platform for trading energy products in both futures and OTC markets. Through ICE's widely-distributed electronic trading platform, its marketplace brings together buyers and sellers of derivative and physical energy commodities contracts. ICE operates its business in, and reports its financial results based on, three distinct markets: futures markets, OTC markets and market data markets. Futures markets offer trading in standardized derivative contracts on a regulated exchange and OTC markets offer trading in over-the-counter, or off-exchange, derivative contracts, including contracts that provide for the physical delivery of an underlying commodity or for financial settlement based on the price of an underlying commodity. Through ICE's market data segment, it offers a variety of market data services and products for both futures and OTC market participants and observers. During the nine months ended September 30, 2006, 64.5 million contracts were traded in ICE's futures markets and 92.3 million contracts were traded in its OTC markets, up 111.4% from 30.5 million futures contracts traded during the nine months ended September 30, 2005 and up 107.8% from 44.4 million OTC contracts traded during the nine months ended September 30, 2005. During the year ended December 31, 2005, 42.1 million contracts were traded in ICE's futures markets and 62.0 million contracts were traded in its OTC markets, up 18.3% from 35.5 million futures contracts traded during the year ended December 31, 2004 and up 100.2% from 31.0 million OTC contracts traded during the year ended December 31, 2004.

ICE's futures business segment consists primarily of trade execution in futures contracts and options on futures contracts, which it conducts through its subsidiary, ICE Futures. Historically, ICE offered futures trading both on its electronic platform and on its open-outcry trading floor. ICE closed its open-outcry trading floor in London on April 7, 2005 and all of its futures trading is now conducted exclusively in its electronic markets. This decision allowed ICE to maintain and enhance its competitive position in its futures markets, and to take advantage of the increasing demand for electronically traded markets. ICE's OTC business segment consists of trade execution in OTC energy contracts conducted exclusively on its electronic platform and the provision of trading-related services, including OTC electronic trade confirmation and OTC risk management functionality. ICE's market data business segment, which it conducts through its subsidiary, ICE Data, consists of the distribution of electronically generated, verifiable energy market data primarily derived from actual trades executed in its marketplace.

On a consolidated basis, ICE generated \$218.5 million in revenues for the nine months ended September 30, 2006, a 90.7% increase compared to \$114.6 million for the nine months ended September 30, 2005. On a consolidated basis, ICE generated \$94.3 million in net income for the nine months ended September 30, 2006, a 269.0% increase compared to \$25.6 million for the nine months ended September 30, 2005. On a consolidated basis, ICE generated \$155.9 million in revenues for the year ended December 31, 2005, a 43.8% increase compared to \$108.4 million for the year ended December 31, 2004. On a consolidated basis, ICE generated \$40.4 million in net income for the year ended December 31, 2005, a 84.1% increase compared to \$21.9 million for the year ended December 31, 2004. The financial results for the nine months ended September 30, 2005 and for the year ended December 31, 2005 include \$4.8 million in expenses incurred relating to the closure of ICE's open-outcry trading floor in London and a \$15.0 million settlement expense related to the payment to EBS to settle litigation.

Table of Contents

ICE's Business Environment

Trading activity in global derivatives markets has risen in the past decade as the number of available trading products and venues has increased. This, in turn, has enabled a growing number and range of market participants to access these markets. As energy markets began to deregulate in the early 1990's, new derivative products were developed to satisfy the increasing demand for energy risk management tools and investment strategies. The range of derivative energy products has expanded to include instruments such as futures, forwards, swaps, differentials, spreads and options. Volume growth in both ICE's futures markets and its OTC markets has been driven by steadily increasing demand for these contracts and ICE's ability to provide liquidity in the markets for these products.

ICE's business is primarily transaction-based, and its revenues and profitability relate directly to the level of trading activity in its markets. Trading volumes are driven by a number of factors, including the degree of volatility in commodities prices. Price volatility increases the need to hedge contractual price risk and creates opportunities for arbitrage or speculative trading. Changes in ICE's futures trading volumes and OTC average daily commissions have also been driven by varying levels of liquidity both in its markets and in the broader markets for energy commodities trading, which influence trading volumes across all of the markets ICE operates. For example, the use of clearing in the OTC markets has served to increase participation in the OTC markets by both traditional and non-traditional participants. This in turn has increased liquidity in formerly illiquid contracts and resulted in increased trading activity, particularly in North American natural gas and power markets. ICE's trading volumes in its futures business segment were also favorably impacted by its transition to electronic trading in April 2005 when the distribution of its futures markets was significantly expanded through increased use of screen-based trading. Finally, the addition of new products in ICE's markets has served to increase trading volumes.

Commodity futures markets are highly regulated and offer trading of standardized contracts. The futures markets are more structured and mature than the institutional markets for OTC energy trading. In ICE's futures business segment, rising demand for, among other things, increased price discovery and risk management tools in the energy sector has driven annual record trading volumes for eight consecutive years at ICE Futures and its predecessor company.

Unlike the futures markets, the OTC markets generally involve limited regulation because of their reliance on futures prices or indices as reference prices. They offer customization of contract terms by counterparties and hundreds of products are traded in the OTC markets as compared with the limited number of futures markets. While the OTC markets have matured considerably in recent years, contracts traded in the OTC markets are generally less standardized than the futures markets. These markets traditionally were characterized by less transparency and fragmentation of liquidity. However, ICE has introduced a number of structural changes to its OTC markets to increase both transparency and liquidity, including the availability of electronic trading, the introduction of cleared OTC contracts and the use of transaction-based indices.

ICE introduced the industry's first cleared OTC energy contracts in North America in March 2002 in the natural gas market. The use of OTC clearing serves to reduce the credit risk associated with bilateral OTC trading by interposing an independent clearinghouse as a counterparty to trades in these contracts. The use of a central clearinghouse rather than the reliance on bilateral trading agreements resulted in more participants becoming active in the OTC markets. Clearing through a central clearinghouse typically offers market participants the ability to reduce the amount of capital required to trade as well as the ability to cross-margin positions in various commodities. Cross-margining means that a participant is able to have offsetting positions taken into account in determining its margin requirements, which could reduce the amount of margin the participant must deposit with the futures commission merchant through which it clears. As a result of the introduction of OTC clearing, the addition of new participants and an improved credit environment in the markets for energy commodities trading, ICE's OTC markets have experienced steady growth, increase price transparency and increased institutionalization.

Table of Contents

ICE believes that the move toward electronic trade execution, together with the improved accessibility for new market participants and the increased adoption of energy commodities as a tradable, investable asset class, will support continued secular growth in the global energy markets. As participation continues to increase and as participants continue to employ more sophisticated financial instruments and risk management strategies to manage their energy price exposure, ICE believes there remains considerable opportunity for further growth in energy derivatives trading on a global basis.

Variability in Quarterly Comparisons

In addition to general conditions in the financial markets and in the energy markets in particular, energy trading has historically been subject to variability in trading volumes due primarily to five key factors. These factors include:

Geopolitical Events: Geopolitical events tend to impact global oil prices and may impact global oil supply. Because crude oil prices often move in conjunction with changes in the perception of geopolitical risk, these events in the past have impacted trading activities in ICE's markets due to the increased need for risk management in times of uncertainty.

Weather: Weather events have been an important factor in energy price volatility and the supply and demand of energy commodities and, therefore, the trading activities of market participants. Unexpected or extreme weather conditions, such as low temperatures or hurricanes, and other events that cause demand increases, supply disruptions or unexpected volatility tend to result in business disruptions and expanded hedging and trading activity in ICE's markets.

Real and Perceived Supply and Demand Imbalances: Government agencies, such as the Energy Information Administration, regularly track energy supply data. Reporting on supply or production may impact trading volumes due to real or perceived supply and demand imbalances.

Number of Trading days: The variability in the number of business days in each quarter affects ICE's revenues, and will affect quarter-to-quarter revenue comparisons, since trading generally only takes place on business days.

Seasonality: Participants engaged in oil, natural gas and power businesses tend to experience moderate seasonal fluctuations in demand, although such seasonal impacts have been negated in periods of high volume trading.

These and other factors could cause ICE's revenues to fluctuate from quarter to quarter. These fluctuations may affect the reliability of quarter to quarter comparisons of its revenues and operating results when, for example, these comparisons are between quarters in different seasons. Inter-seasonal comparisons will not necessarily be indicative of ICE's results for future periods.

Products

ICE offers products and services to serve the front-, middle- and back-offices of its participants and are well positioned in the energy trading market and risk management operations. For traders, it offers a range of commodity contracts in both its futures and OTC marketplace on a common electronic platform. It offers an electronic trade confirmation system for back-office professionals as well as a range of market data services.

In ICE's futures markets, it offers trading in the ICE Brent Crude and ICE West Texas Intermediate, or WTI, Crude futures contracts. Brent crude is a light, sweet grade of crude oil that serves as the price benchmark to approximately two-thirds of the world's traded oil products. WTI crude is also a light sweet crude that serves as a global crude oil benchmark. ICE introduced its WTI contracts in February 2006. ICE continually develops and launches new products designed to meet market demand and the needs of its participants. The addition of WTI Crude futures to its suite of energy futures and options brings the world's two most significant crude oil benchmarks together on ICE's trading platform. Also through its futures segment, ICE lists the leading heating

Table of Contents

oil contract by traded volume, known as ICE Gas Oil futures. In April 2006, ICE introduced two new cash-settled futures contracts, the ICE New York Harbor Unleaded Gasoline Blendstock (RBOB) futures contract and the ICE New York Harbor Heating Oil futures contract.

In ICE's OTC markets, it offers trading in hundreds of natural gas, power and refined oil products on a bilateral basis. At the end of the third quarter of 2006, ICE also offered over 65 cleared OTC contracts, which account for the majority of its commission revenue. ICE currently offers over 80 cleared OTC contracts, which includes the launch of over 50 additional cleared contracts during 2006. ICE plans to continue to launch additional new OTC contracts in response to customer needs.

On April 6, 2006, the New York Mercantile Exchange, Inc., or NYMEX, and the Chicago Mercantile Exchange Inc., or CME, entered into a definitive technology services agreement. Pursuant to the agreement, NYMEX will list certain energy futures and options contracts on the CME Globex electronic trading platform. The agreement between NYMEX and CME may enhance NYMEX's ability to compete with the energy contracts traded on ICE's electronic platform. NYMEX has begun to trade products electronically on a side-by-side basis with its open-outcry markets, and the volume of NYMEX energy futures contracts traded on the CME Globex electronic trading platform has surpassed the volume of NYMEX energy futures contracts traded on its open-outcry market. In addition, this agreement may impact ICE's ability to continue to increase its market share. However, ICE believes it is well positioned to compete with NYMEX on a number of fronts. Responding to customer demand, ICE introduced its successful ICE WTI Crude futures contract in February 2006, achieving record open interest and trading volumes on a weekly basis. More importantly, ICE enjoys liquidity in a diverse range of energy contracts across both futures and over-the-counter markets that it believes is not offered by other markets.

Technology

ICE's innovative Internet-accessible trading platform was designed for energy trading and risk management. Deployed on the desktops of thousands of energy market participants around the world, its electronic platform is an integral tool for energy market participants. In addition to ICE's own front-end, participants may select from 12 independent software vendors that are linked to its trading platform. There is also a rapidly growing base of proprietary front-end development around ICE's electronic platform to connect various dealer and prime brokerage systems as well as algorithmic trading systems. Most of ICE's largest customers' back-offices are connected to its platform for back-office purposes to realize the efficiencies of straight-through processing for both futures and OTC trades. From a connectivity perspective, customers can access ICE's redundant data centers in the U.S. and U.K. using the Internet or any one of several private line alternatives, including routing through ICE's telecommunications hubs in London, Chicago, Singapore, and New York. ICE operates redundant data centers in North America and Europe.

ICE is continuously enhancing its technology to improve its speed and reliability. Since ICE's futures business moved to the screen last April, ICE has experienced a ten-fold increase in message volume. In order to sustain the scalability of its platform, ICE has completed a number of hardware and software upgrades that have allowed it to reduce round-trip time and increase throughput. From a reliability standpoint, it also made system improvements to minimize downtime, particularly as it repeatedly expanded its platform hours to cover 23 hours per day.

ICE believes that its electronic platform offers the most comprehensive set of energy markets and functionality available in the industry today. The platform provides a rich set of features for trading futures and options on futures, as well as OTC swaps and physical spot and forwards on one screen. OTC trades can be executed and settled bilaterally between counterparties or cleared anonymously. Implied spreading in both futures and OTC markets improves execution, while spreadsheet capabilities embedded into the WebICE front-end allow traders to easily build and deploy simple market-making algorithms.

ICE believes its continued focus on increasing the distribution, performance, and functionality of its platform will enable it to maintain and enhance its technological edge in the energy marketplace.

Table of Contents**Segment Reporting**

For financial reporting purposes, ICE's business is divided into three segments: its futures business segment, its OTC business segment and its market data business segment. For a discussion of these segments and related financial disclosure, refer to note 19 to ICE's audited consolidated financial statements and related notes included elsewhere in this prospectus/proxy statement.

ICE's Futures Business Segment

The following table presents, for the periods indicated, selected statement of income data in dollars and as a percentage of revenues for ICE's futures business segment:

	Nine Months Ended September 30,				Year Ended December 31,					
	2006	%	2005	%	2005	%	2004	%	2003	%
(In thousands, except for percentages)										
Revenues(1):										
Transaction fees, net(2):										
ICE Brent Crude futures	\$ 46,122	50.6%	\$ 30,619	64.5%	\$ 41,334	63.4%	\$ 32,176	60.7%	\$ 28,497	62.0%
Other futures products and options	39,597	43.4	11,352	23.9	15,856	24.3	13,324	25.2	11,463	24.9
Intersegment fees	3,916	4.3	3,335	7.0	5,108	7.8	3,679	7.0	3,198	6.9
Market data fees	37		257	0.6	389	0.6	341	0.6	183	0.4
Other	1,531	1.7	1,894	4.0	2,503	3.9	3,460	6.5	2,659	5.8
Total revenues	91,203	100.0	47,457	100.0	65,190	100.0	52,980	100.0	46,000	100.0
Operating expenses:										
Selling, general and administrative expenses(3)	18,795	20.6	17,446	36.8	22,865	35.1	23,823	45.0	22,600	49.1
Intersegment expenses(4)	15,883	17.4	7,329	15.4	10,289	15.8	7,532	14.1	4,737	10.3
Floor closure costs(5)			4,814	10.1	4,814	7.3				
Depreciation and amortization	1,512	1.7	1,886	4.0	2,464	3.8	2,415	4.6	2,117	4.6
Total operating expenses	36,190	39.7	31,475	66.3	40,432	62.0	33,770	63.7	29,454	64.0
Operating income	55,013	60.3	15,982	33.7	24,758	38.0	19,210	36.3	16,546	36.0
Other income, net	1,037	1.1	2,053	4.3	2,686	4.1	1,925	3.6	1,135	2.5
Income tax expense	19,618	21.5	6,312	13.3	9,606	14.7	7,397	14.0	5,616	12.3
Net income(5)	\$ 36,432	39.9%	\$ 11,723	24.7%	\$ 17,838	27.4%	\$ 13,738	25.9%	\$ 12,065	26.2%

(1) ICE generates revenues from related parties in the ordinary course of its business. Revenues attributable to related parties were \$12.4 million and \$8.0 million for the nine months ended September 30, 2006 and 2005, respectively, and \$11.4 million, \$6.7 million and \$5.5 million for the years ended December 31, 2005, 2004 and 2003, respectively. For a discussion of its related parties, see note 13 to ICE's audited consolidated financial statements, which are included elsewhere in this prospectus/proxy statement.

(2) ICE's transaction fees are presented net of rebates. For a discussion of these rebates, see Sources of Revenues Transactions Fees.

(3) Includes compensation and benefits expenses and professional services expenses.

(4) Intersegment expenses represent fees paid by ICE's futures business segment for support provided by the OTC business segment to operate the electronic trading platform used in its futures business.

(5) The financial results for the year ended December 31, 2005 include \$4.8 million in expenses incurred relating to the closure of the open-outcry trading floor in London. Excluding these floor closure charges, net of taxes, ICE's futures business net income for the year ended December 31, 2005 would have been \$21.0 million. See Non-GAAP Financial Measures.

During the period following the closure of ICE's open-outcry trading floor, aggregate trading volumes in its futures markets have increased substantially as compared to the comparable periods in the prior year. The trading volumes initially declined in April 2005 due in part to the displacement of floor-based traders following the floor closure on April 7, 2005. Many of these traders later began trading electronically along with new participants on ICE's platform. Aggregate futures trading volumes were 64.5 million contracts for the nine months ended September 30, 2006, a 111.4% increase compared to 30.5 million contracts for the nine months ended September 30, 2005.

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ICE achieved cost savings of approximately \$1.2 million in 2005 and expects to achieve cost savings ranging from approximately \$3.8 million to \$4.4 million annually in 2006 and 2007 in connection with its

Table of Contents

decision to close its open-outcry trading floor. These cost savings primarily relate to reduced compensation and benefits expenses, rent and occupancy expenses and selling, general and administrative expenses. However, in 2005, any cost savings were offset by a charge of \$4.8 million that ICE recorded in the quarter ended June 30, 2005 in connection with expenses it incurred as part of the closure of its open-outcry trading floor and full migration of futures trading to its electronic platform. These expenses primarily include lease termination costs, employee termination costs and property and equipment disposals relating to ICE's open-outcry trading floor. Furthermore, because ICE's electronic platform can accommodate substantially greater trading volumes, and the cost of operating ICE's platform is largely fixed, it expects to benefit from increased operating leverage in its futures business.

The ICE Brent Crude futures contract is a benchmark contract relied upon by a broad range of market participants, including certain large oil producing nations, to price their crude oil. During the nine months ended September 30, 2006, the average daily quantity of Brent crude oil traded in ICE's markets was 167 million barrels, with an average notional daily value of over \$11.5 billion. ICE believes that market participants are increasingly relying on this contract for their risk management activities, as evidenced by steady increases in traded volumes over the past several years.

In ICE's futures business segment, it earns fees from both counterparties to each futures contract or option on futures contract that is traded. In its futures business, ICE refers to these fees as exchange fees. ICE derived exchange fees of \$85.7 million and \$42.0 million for the nine months ended September 30, 2006 and 2005, respectively, representing 39.2% and 36.6%, respectively, of its consolidated revenues, and \$57.2 million, \$45.5 million and \$40.0 million for the years ended December 31, 2005, 2004 and 2003, respectively, representing 36.7%, 42.0% and 42.6%, respectively, of its consolidated revenues. A contract is a standardized quantity of the physical commodity underlying each futures contract.

The following table presents the underlying commodity size per futures and options contract traded in ICE's futures markets as well as the relevant standard of measure for each contract:

Futures Contract	Size	Measure
ICE Brent Crude	1,000	Barrels
ICE WTI Crude	1,000	Barrels
ICE Gas Oil	1,000	Metric Tonnes
ICE Heating Oil	42,000	Gallons
ICE Natural Gas	1,000	Therms per day
ICE Electricity	1	Megawatt Hours
ICE Unleaded Gasoline Blendstock (RBOB)	42,000	Gallons
Options Contract	Size	Measure
ICE Brent Crude options	1	ICE Brent Crude futures contracts
ICE Gas Oil options	1	ICE Gas Oil futures contracts

Table of Contents

The following table presents, for the periods indicated, trading activity in ICE's futures markets for commodity type based on the total number of contracts traded:

	Nine Months Ended				
	September 30, 2006	2005	Year Ended December 31, 2005	2004	2003
	(In thousands)				
Number of futures contracts traded:					
ICE Brent Crude futures	32,080	22,287	30,412	25,458	24,013
ICE Gas Oil futures	12,961	7,772	10,972	9,356	8,430
ICE WTI Crude futures(1)	18,528				
Other(2)	956	465	671	727	898
Total	64,525	30,524	42,055	35,541	33,341

- (1) A fee waiver applied to trade execution for ICE WTI Crude futures contracts from the launch date of February 3, 2006 through March 31, 2006.
- (2) Consists primarily of ICE Natural Gas futures, ICE Electricity futures, ICE Brent Crude options, ICE Heating Oil futures, ICE Unleaded Gasoline Blendstock (RBOB) futures, ICE Gas Oil options and ICE ECX CFI futures contracts. The ICE ECX CFI Futures contract is the result of a cooperative relationship between ICE Futures and the Chicago Climate Exchange, Inc. and its subsidiary, the European Climate Exchange. ICE Futures shares in the revenue derived from the ICE ECX CFI futures contract.

The following chart presents the futures exchange fee revenues by contract traded in ICE's markets for the periods presented:

Futures Transaction Fee Revenues by Commodity

- (1) Presented net of \$2.3 million of exchange fee rebates. For a discussion of these rebates, see Sources of Revenues Transaction Fees.
- (2) A fee waiver applied to trade execution for the ICE WTI Crude futures contracts from the launch date of February 3, 2006 through March 31, 2006.

Table of Contents

The following table presents ICE's average daily open interest for its futures contracts. Open interest is the number of contracts (long or short) that a member holds either for its own account or on behalf of its 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. The level of open interest in a contract is often considered a measure of an exchange's liquidity in that contract. In general, the higher the level of open interest, the greater the extent it is being used as a hedging and risk management tool. Open interest is also a measure of the health of a market both in terms of the number of contracts which members and their clients continue to hold in the particular contract and by the number of contracts held for each contract month listed by ICE's exchange.

	Nine Months Ended September 30,		Year Ended December 31,		
	2006	2005	2005	2004	2003
	(In thousands)				
Open Interest Futures (in contracts):					
ICE Brent Crude futures	443	345	351	336	299
ICE Gas Oil futures	238	197	200	164	148
ICE WTI Crude futures	206				
Other(1)	80	39	42	35	43
Total	967	581	593	535	490

(1) Consists primarily of ICE Natural Gas futures, ICE Electricity futures, ICE Brent Crude options, ICE Gas Oil options, ICE Heating Oil futures, ICE Unleaded Gasoline Blendstock (RBOB) futures and ICE ECX CFI futures contracts.

ICE charges exchange fees to ICE Futures' 45 clearing members for contracts traded for their own account and for contracts traded on behalf of their customers or local traders. As ICE Futures' operations are currently centered in London, ICE considers all revenues derived from exchange fees to be generated in the U.K.

Historically, the revenues and expenses generated in ICE's futures business have been denominated in pounds sterling, which was the functional currency of ICE Futures and related U.K. subsidiaries through June 2006. ICE translated these revenues and expenses into U.S. dollars using the average exchange rates for the reporting period. Effective as of July 1, 2006, the functional currency of the majority of ICE's U.K. subsidiaries became the U.S. dollar. The functional currency switched based on various economic factors and circumstances, including the fact that during the second quarter of 2006, ICE Futures began to charge and collect exchange fees in U.S. dollars rather than pounds sterling in its key futures contracts, including crude oil and heating oil futures contracts. ICE will no longer recognize any translation adjustments in the consolidated financial statements subsequent to June 30, 2006 for those U.K. subsidiaries that will switch their functional currency to the U.S. dollar. However, gains and losses from foreign currency transactions will continue to be included in other income (expense) in its consolidated statements of income. ICE may experience substantial gains or losses from foreign currency transactions in the future given there are still net assets and expenses of its U.K. subsidiaries' financial statements that are denominated in pounds sterling.

Table of Contents**ICE's OTC Business Segment**

The following table presents, for the periods indicated, selected statement of income (loss) data in dollars and as a percentage of revenues for ICE's OTC business segment:

	Nine Months Ended September 30,				Year Ended December 31,					
	2006	%	2005	%	2005	%	2004	%	2003	%
(In thousands, except for percentages)										
Revenues(1):										
Transaction fees, net(2):										
North American natural gas	\$ 81,647	60.4%	\$ 43,345	61.7%	\$ 59,911	62.9%	\$ 29,046	49.6%	\$ 16,814	34.3%
North American power	19,332	14.3	12,710	18.1	16,444	17.3	9,462	16.2	5,739	11.7
Other commodities markets	1,565	1.2	1,564	2.2	1,851	1.9	5,042	8.6	11,665	23.7
Electronic trade confirmation	2,566	1.9	1,190	1.7	1,580	1.7	789	1.3	165	0.3
Order flow agreements shortfall payments							1,067	1.8	7,091	14.4
Intersegment fees	16,909	12.5	8,239	11.7	11,034	11.6	9,160	15.6	5,923	12.1
Market data fees	11,447	8.5	1,930	2.8	2,649	2.8	2,258	3.9	1,699	3.5
Other	1,585	1.2	1,257	1.8	1,744	1.8	1,758	3.0	29	
Total revenues	135,051	100.0	70,235	100.0	95,213	100.0	58,582	100.0	49,125	100.0
Operating expenses:										
Selling, general and administrative expenses(3)	48,122	35.6	29,908	42.6	40,808	42.9	34,219	58.4	32,017	65.1
Intersegment expenses	7,892	5.8	1,426	2.0	1,352	1.4	1,923	3.3	1,406	2.9
Settlement expense(4)			15,000	21.3	15,000	15.8				
Depreciation and amortization	8,302	6.2	9,536	13.6	12,609	13.2	14,599	24.9	17,219	35.1
Total operating expenses	64,316	47.6	55,870	79.5	69,769	73.3	50,741	86.6	50,642	103.1
Operating income (loss)	70,735	52.4	14,365	20.5	25,444	26.7	7,841	13.4	(1,517)	(3.1)
Other income (expense), net	3,712	2.7	395	0.5	589	0.6	(588)	(1.0)	(180)	(0.4)
Income tax expense	26,123	19.3	4,431	6.3	7,698	8.0	2,509	4.3	307	0.6
Net income (loss)(4)	\$ 48,324	35.8%	\$ 10,329	14.7%	\$ 18,335	19.3%	\$ 4,744	8.1%	\$ (2,004)	(4.1)%